

AN
INQUIRY
INTO THE
PRINCIPLES
OF
POLITICAL OECONOMY, &c.

VOL. I.



AN
INQUIRY
INTO THE
PRINCIPLES
OF
POLITICAL OECONOMY:

BEING AN
ESSAY ON THE SCIENCE
OF
Domestic Policy in Free Nations.

In which are particularly considered

POPULATION, AGRICULTURE, TRADE, IN-
DUSTRY, MONEY, COIN, INTEREST, CIR-
CULATION, BANKS, EXCHANGE, PUBLIC
CREDIT, and TAXES.

By Sir JAMES STEUART, Bart.

Ore trahit quodcumque potest atque addit acervo.

HOR. Lib. i. Stat. i.

IN THREE VOLUMES.

VOL. I.

DUBLIN:

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IN COURSE

PRINCIPLES

ECONOMY

ESSAY ON THE SCIENCE

OF POLITICAL ECONOMY

OF THE
POLITICAL ECONOMY
OF THE
CULTIVATION, MANUFACTURE, TRADE,
CREDIT, AND TAXES.

By ST. JAMES STUART, Esq.

THE FIRST EDITION

DUBLIN

P R E F A C E.

IT is with the greatest diffidence that I present to the public this attempt towards reducing to principles, and forming into a regular science, the complicated interests of domestic policy. When I consider the time and labour employed in the composition, I am apt to value it from selfish considerations. When I compare it even with my own abilities, I still think favourably of it, for a better reason; because it contains a summary of the most valuable part of all my knowledge. But when I consider the greatness of my subject, how small does the result of my application appear!

The imperfections, therefore, discovered in this work, will, I hope, be ascribed to the disproportion between the extent of the undertaking, and that of my capacity. This has been exerted to the utmost: and if I have failed, it may, at least, with justice, be said, that I have miscarried in an attempt of the greatest importance to mankind.

I no where shew the least desire to make my court to any particular statesman whose administration might have been hinted at. I freely follow the thread of my reasoning without a bias, either in favour of popular opinions, or of any of the numberless systems which have been formed by those who have written upon particular parts of my subject. The warmth of my temper has led me often into commendations, when I was pleased; but when I felt the effects of ill humour on being dissatisfied with particular circumstances relating to countries, to men and to things, which I had in view at the time I was writing, I seldom thought it proper to be particular. I have, in general, considered

the danger of error, either in blaming or commending the steps of any administration, without being well informed of the whole combination of circumstances which the statesman had before him at the time.

This composition being the successive labour of many years spent in travelling, the reader will find some passages, in which the unities of time and place have not been observed. These I could have corrected with ease, had I not been advised to leave them as characters to point out the circumstances under which I wrote, and thereby to confirm the authenticity of certain facts.

The modes of thinking, also, peculiar to the several countries where I have lived, have, no doubt, had an influence on what I have writ concerning their customs: the work, therefore, will not, in general, correspond to the meridian of national opinions any where; and of this it is proper the reader should be apprised, that he may not apply to the domestic circumstances of his own country what was intended to refer to those of other nations; nor impute what was the irresistible effect of my experience and conviction, to wilful prejudice.

I have read many authors on the subject of political oeconomy; and I have endeavoured to draw from them all the instruction I could. I have travelled, for many years, through different countries, and have examined them, constantly, with an eye to my own subject. I have attempted to draw information from every one with whom I have been acquainted: this, however, I found to be very difficult before I had attained to some previous knowledge of my subject. Such difficulties confirmed to me the justness of Lord Bacon's remark, that he who knows how to draw information by forming proper questions, is already possessed of half the science.*

I could form no consistent plan from the various opinions I met with: hence I was engaged to compile the observations I had casually made, in the course of my

* *Prudens interrogatio, dimidium scientiæ.*

P R A E F A C E.

my travels, reading and experience. From these I formed the following work, after expunging the numberless inconsistencies and contradictions which I found had arisen from my separate inquiries into every particular branch.

I had observed so many persons declining in knowledge as they advanced in years, that I resolved early to throw upon paper whatever I had learned; and to this I used to have recourse, as others have to their memories. The unity of the object of all my speculations, rendered this practice more useful to me than it would be to one whose researches are more extended.

Whoever is much accustomed to write for his own use merely, must contract a more careless stile than another who has made language his study, and who writes in hopes of acquiring a literary reputation. I never, till very lately, thought of appearing as an author: and in the frequent perusals of what I had writ, my corrections were chiefly in favour of perspicuity: add to this, that the language in which I now write was, for many years, foreign to those with whom I lived and conversed. When these circumstances are combined with the intricacy of my subject, which constantly carried off my attention from every ornament of language, I flatter myself that those of my readers, at least, who enter as heartily as I have done into the spirit of this work, will candidly overlook the want of that elegance which adorns the stile of some celebrated authors in this Augustan age. I present this inquiry to the public as nothing more than an essay which may serve as a canvass for better hands than mine to work upon.

It contains such observations only as the general view of the domestic policy of the countries I have seen, has suggested. It is a speculation, and no more. It is a rough-drawing of a mighty plan, proportioned in correctness to my own sagacity, to my knowledge of the subject, and to the extent of my combinations.

It goes little further, than to collect and arrange some elements upon the most interesting branches of

modern policy, such as *population, agriculture, trade, industry, money, coin, interest, circulation, banks, exchange, public credit, and taxes.* The principles deduced from all these topics, appear tolerably consistent; and the whole is a train of reasoning through which I have adhered to the connection of subjects as faithfully as I could: but the nature of the work being a deduction of principles, not a collection of institutions, I seized the opportunities which my reasoning threw in my way, to connect every principle, as I went along, with every part of the inquiry to which it could refer; and when I found the connexion sufficiently shewn, I broke off such disquisitions as would have led me from the object then present.

When principles thus casually applied in one part to matters intended to be afterwards treated of in another, came to be taken up a-new, they involved me in what may appear prolixity. This I found most unavoidable, when I was led to thoughts which were new to myself, and consequently such as must cost me the greatest labour to set in a clear and distinct point of view. Had I been master of my subject on setting out, the arrangement of the whole would have been rendered more concise: but had this been the case, I should never have been able to go through the painful deduction which forms the whole chain of my reasoning, and upon which, to many readers, slow in forming combinations, the conviction it carries along with it in a great measure depends: to the few, again, of a more penetrating genius, to whom the slightest hint is sufficient to lay open every consequence before it be drawn, in allusion to Horace, I offer this apology, *Clarus esse laboro, prolixus fio.*

The path I have taken was new to me, after all I had read on the subject. I examined what I had gathered from others by my own principles; and according as I found it tally with collateral circumstances, I concluded in its favour. When, on the other hand, I found a disagreement, I was apprized immediately of some mistake: and this I found constantly owing to the narrowness of the combinations upon which it had been founded.

The

The great danger of running into error upon particular points relating to this subject, proceeds from our viewing them in a light too confined, and to our not attending to the influence of concomitant circumstances, which render general rules of little use. Men of parts and knowledge seldom fail to reason consequentially on every subject; but when their inquiries are connected with the complicated interests of society, the vivacity of an author's genius is apt to prevent him from attending to the variety of circumstances which render every consequence, almost, which he can draw, uncertain. To this I ascribe the habit of running into what the French call *Systemes*. These are no more than a chain of contingent consequences, drawn from a few fundamental maxims, adopted, perhaps, rashly. Such systems are mere conceits; they mislead the understanding, and efface the path to truth. An induction is formed, from whence a conclusion, called a principle, is drawn; but this is no sooner done, than the author extends its influence far beyond the limits of the ideas present to his understanding, when he made his deduction.

The imperfection of language engages us frequently in disputes merely verbal; and instead of being on our guard against the many unavoidable ambiguities attending the most careful speech, we place a great part of our learning when at school, and of our wit when we appear on the stage of the world, in the prostitution of language. The learned delight in vague, and the witty in equivocal terms. In general, we familiarize ourselves so much with words, and think so little when we speak and write, that the signs of our ideas take the place of the images which they were intended to represent.

Every true proposition, when understood, must be assented to *universally*. This is the case always, when simple ideas are affirmed or denied of each other. Nobody ever doubted that sound is the object of hearing, or colour that of sight, or that black is not white. But whenever a dispute arises concerning a proposition, wherein complex ideas are compared, we may often rest assured, that the parties do not understand each other. Luxury, says one, is incompatible with the prosperity of

a state. Luxury is the fountain of a nation's welfare and happiness, says another. There may, in reality, be no difference in the sentiments of these two persons. The first may consider luxury as prejudicial to foreign trade, and as corrupting the morals of a people. The other may consider luxury as the means of providing employment for such as must live by their industry, and of promoting an equable circulation of wealth and subsistence, through all the classes of inhabitants. If each of them had attended to the combination of the other's complex idea of luxury, with all its consequences, they would have rendered their propositions less general.

The difference, therefore, of opinion between men is frequently more apparent than real. When we compare our own ideas, we constantly see their relations with perspicuity; but when we come to communicate those relations to other people, it is often impossible to put them into words sufficiently expressive of the precise combination we have made in our own minds.

This being the case, I have avoided, as much as possible, condemning such opinions as I have taken the liberty to review; because I have examined such only as have been advanced by men of genius and reputation: and since all matters of controversy regard the comparison of our *ideas*, if the terms we use to express them were sufficiently understood by both parties, most political disputes would, I am persuaded, be soon at an end.

Here it may be objected, that we frequently adopt an opinion, without being able to give a sufficient reason for it, and yet we cannot gain upon ourselves to give it up, though we find it combated by the strongest arguments.

To this I answer, that in such cases we do not adhere to our own opinions, but to those of others, received upon trust. It is our regard for the authority, and not for the opinion, which makes us tenacious: for if the opinion were truly our own, we could not fail of seeing,

seeing, or at least we should not long be at a loss in recollecting the ground upon which it is built. But when we assent implicitly to any political doctrine, there is no room for reason: we then satisfy ourselves with the persuasion that those whom we trust have sufficient reasons for what they advance. While our assent therefore is implicit, we are beyond conviction; not because we do not perceive the force of the arguments brought against our opinion, but because we are ignorant of the force of those which can be brought to support it: and as nobody will sell what belongs to him, without being previously informed of its value, so nobody will give up an implicit opinion, without knowing all that can be said for it. To this class of men I do not address myself in my inquiries.

But I insensibly run into a metaphysical speculation, to prove, that in political questions it is better for people to judge from experience and reason, than from authority; to explain their terms, than to dispute about words; and to extend their combinations, than to follow conceits, however decorated with the name of systems. How far I have avoided such defects, the reader will determine.

Every writer values himself upon his impartiality; because he is not sensible of his fetters. The wandering and independent life I have led may naturally have set me free, in some measure, from strong attachments to popular opinions. This may be called impartiality. But as no man can be deemed impartial, who leans to any side whatever, I have been particularly on my guard against the consequences of this sort of negative impartiality, as I have found it sometimes carrying me too far from that to which a national prejudice might have led me.

In discussing general points, the best method I found to maintain a just balance in that respect, was to avert my eye from the country in which I lived at the time; and to judge of absent things by the absent. Objects which are present, are apt to produce perceptions too strong to be impartially compared with those recalled only by memory.

When I have had occasion to dip into any question concerning the preference to be given to certain forms of government above others, and to touch upon points which have been the object of sharp disputes, I have given my opinion with freedom, when it seemed proper: and in stating the question, I have endeavoured to avoid all trite, and, as I may call them, technical terms of party, which are of no other use than to assist the disputants in their attempts to blacken each other, and to throw dust in the eyes of their readers.

I have sometimes entered so heartily into the spirit of the statesman, that I have been apt to forget my situation in the society in which I live; and when the private man reads over the politician, his natural partiality in favour of individuals, leads him to condemn, as Machiavellian principles, every sentiment approving the sacrifice of private concerns, in favour of a general plan.

In order, therefore, to reconcile me to myself in this particular, and to prevent certain expressions, here and there interspersed, from making the slightest impression upon a reader of delicate sentiments, I must observe, that nothing would have been so easy as to soften many passages, where the politician appears to have snatched the pen out of the hand of the private citizen: but as I write for such only who can follow a close reasoning, and attend to the general scope of the whole inquiry, I have, purposely, made no correction; but continued painting in the strongest colours, every inconvenience which must affect certain individuals living under our free modern governments, whenever a wise statesman sets about correcting old abuses, proceeding from idleness, sloth, or fraud in the lower classes, arbitrary jurisdictions in the higher, and neglects in administrations, with respect to the interests of both. The more any cure is painful and dangerous, the more ought men to be careful in avoiding the disease. This leads me to say a word concerning the connection between the theory of morals and that of politics.

I lay

I lay it down as a general maxim, that the characteristic of a good action consists in the conformity between the motive, and the duty of the agent. If there were but one man upon earth, his duty would contain no other precepts than those dictated by self-love. If he comes to be a father, a husband, a friend, his self-love falls immediately under limitations: he must withhold from himself, and give to his children; he must know how to sacrifice some of his fancies, in order to gratify, now and then, those of his wife, or of his friend. If he comes to be a judge, a magistrate, he must frequently forget that he is a friend, or a father: and if he rises to be a statesman, he must disregard many other attachments more comprehensive, such as family, place of birth, and even, in certain cases, his native country. His duty here becomes relative to the general good of that society of which he is the head: and as the death of a criminal cannot be imputed to the judge who condemns him, neither can a particular inconvenience resulting to an individual, in consequence of a step taken for a general reformation, be imputed to him who sits at the helm of government.

If it should be asked, of what utility a speculation such as this can be to a statesman, to whom it is in a manner addressed from the beginning to the end: I answer, that although it seems addressed to a statesman, the real object of the inquiry is to influence the spirit of those whom he governs; and the variety of matter contained in it, may even suggest useful hints to himself. But his own genius and experience will enable him to carry such notions far beyond the reach of my combinations.

I have already said that I considered my work as no more than a canvass prepared for more able hands than mine to work upon. Now although the sketch it contains be not sufficiently correct, I have still made some progress, I think, in preparing the way for others to improve upon my plan, by contriving proper questions to be resolved by men of experience in the practical part of government.

I leave

I leave it therefore to masters in the science to correct and extend my ideas : and those who have not made the principles of policy their particular study, may have an opportunity of comparing the exposition I have given of them with the commonly received opinions concerning many questions of great importance to society. They will, for instance, be able to judge how far population can be increased usefully, by multiplying marriages, and by dividing lands : how far the swelling of capitals, cities and towns, tends to depopulate a country : how far the progress of luxury brings distress upon the poor industrious man : how far restrictions laid upon the corn trade, tend to promote an ample supply of subsistence in all our markets : how far the increase of public debts tends to involve us in a general bankruptcy : how far the abolition of paper currency would have the effect of reducing the price of all commodities : how far a tax tends to enhance their value : and how far the diminution of duties is an essential requisite for securing the liberty, and promoting the prosperity and happiness of a people.

Is it not of the greatest importance to examine, with candour, the operations by which all Europe has been engaged in a system of policy so generally disclaimed against, and so contrary to that which we hear daily recommended as the best ? And to shew from the plain principles of common sense, that our present situation is the unavoidable consequence of the spirit and manners of the present times, and that it is quite compatible with all the liberty, affluence, and prosperity, which any human society ever enjoyed in any age, or under any form of government ? A people taught to expect from a statesman the execution of plans, big with impossibility and contradiction, will remain discontented under the government of the best of kings.

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The whole economy being directed by the head, who is lord and steward of the family. It is however necessary, that these two offices be not confounded with one another.

AN INQUIRY

INTO THE Principles of POLITICAL OECONOMY.

BOOK I.

OF POPULATION and AGRICULTURE.

INTRODUCTION.

OECONOMY in general is the art of providing for all the wants of a family, with prudence and frugality.

If any thing necessary or useful is found wanting, if any thing provided is lost or misapplied, if any servant, any animal, is supernumerary or useless, if any one sick or infirm is neglected, we immediately perceive a want of oeconomy. The object of it, in a private family, is therefore to provide for the nourishment, the other wants, and the employment of every individual. In the first place, for the master, who is the head, and who directs the whole; next for the children, who interest him above all other things; and last for the servants, who being useful to the head, and essential to the well-being of the family, have therefore a title to become an object of the master's care and concern.

The whole oeconomy must be directed by the head, who is both lord and steward of the family. It is however necessary, that these two offices be not confounded with one another. As lord, he establishes the laws of his oeconomy; as steward, he puts them in execution. As lord, he may restrain and give his commands to all within the house as he thinks proper; as steward, he must conduct with gentleness and address, and is bound by his own regulations. The better the oeconomist, the more uniformity is perceived in all his actions, and the less liberties are taken to depart from stated rules. He is no ways master to break through the laws of his oeconomy, although in every respect he may keep each individual within the house, in the most exact subordination to his commands. Oeconomy and government, even in a private family, present therefore two different ideas, and have also two different objects.

What oeconomy is in a family, political oeconomy is in a state: with these essential differences however, that in a state there are no servants, all are children: that a family may be formed when and how a man pleases, and he may establish what plan of oeconomy he thinks fit: but states are found formed, and the oeconomy of these depends upon a thousand circumstances. The statesman (this is a general term to signify the head, according to the form of government) is neither master to establish what oeconomy he pleases, or in the exercise of his sublime authority to overturn at will the established laws of it, let him be the most despotic monarch upon earth.

The great art therefore of political oeconomy is, first to adapt the different operations of it to the spirit, manners, habits, and customs of the people, and afterwards to model these circumstances so, as to be able to introduce a set of new and more useful institutions.

The principal object of this science is to secure a certain fund of subsistence for all the inhabitants, to obviate every circumstance which may render it precarious; to provide every thing necessary for supplying the wants of the society, and to employ the inhabitants (supposing them to be freemen) in such a manner as naturally

rally to create reciprocal relations and dependencies between them, so as to make their several interests lead them to supply one another with their reciprocal wants.

If one considers the variety which is found in different countries, in the distribution of property, subordination of classes, genius of people, proceeding from the variety of forms of government, laws and manners, one may conclude that the political oeconomy in each must necessarily be different, and that principles, however universally true, may become quite ineffectual in practice, without a sufficient preparation of the spirit of a people.

It is the business of a statesman to judge of the expediency of different schemes of oeconomy, and by degrees to model the minds of his subjects so as to induce them, from the allurements of private interest, to concur in the execution of his plan.

The speculative person, who removed from the practice, extracts the principles of this science from *observation* and *reflection*, should divest himself, as far as possible, of every prejudice, in favour of established opinions, however reasonable, when examined relatively to particular nations: he must do his utmost to become a citizen of the world, comparing customs, examining minutely institutions which appear alike, when in different countries they are found to produce different effects: he should examine the cause of such differences with the utmost diligence and attention. It is from such inquiries that the true principles are discovered.

He who takes up the pen upon this subject, keeping in his eye the customs of his own or any other country, will fall more naturally into a description of one particular system of it, than into an examination of the principles of the science in general: he will applaud such institutions as he finds rightly administered at home; he will condemn those which are administered with abuse; but, without comparing different methods of executing the same plan in different countries, he will not easily distinguish the disadvantages which are essential to the institution, from those which proceed from the abuse. For this reason a land tax excites the indignation of a

Frenchman, an excise that of an Englishman. One who looks into the execution of both, in each country, and in every branch of management, will discover the real effects of these impositions, and be able to distinguish what proceeds from abuse, from what is essential to the burden.

Nothing is more effectual towards preparing the spirit of a people to receive a good plan of oeconomy, than a proper representation of it. On the other hand, nothing is better calculated to keep the statesman, who is at the head of affairs, in awe.

When principles are well understood, the real consequences of burdensome institutions are clearly seen: when the purposes they are intended for, are not obtained, the abuse of the statesman's administration appears palpable. People then will not so much cry out against the imposition, as against the misapplication. It will not be a land tax of four shillings in the pound, nor an excise upon wines and tobacco, which will excite the murmurs of a nation; it will be the prodigal dissipation and misapplication of the amount of these taxes after they are laid on. But when principles are not known, all inquiry is at an end, the moment a nation can be engaged to submit to the burden. It is the same with regard to every other part of this science.

Having pointed out the object of my pursuit, I shall only add, that my intention is to attach myself principally to a clear deduction of principles, and a short application of them to familiar examples, in order to avoid abstraction as much as possible. I further intend to confine myself to such parts of this extensive subject, as shall appear the most interesting in the general system of modern politics, of which I shall treat with that spirit of liberty, which reigns more and more every day, throughout all the polite and flourishing nations of Europe.

When I compare the elegant performances which have appeared in Great Britain and in France with my dry and abstracted manner of treating the same subject, in a plain language void of ornament, I own I am discouraged on many accounts. If I am obliged to set

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Introduct. OF POLITICAL OECONOMY.

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out by laying down as fundamental principles the most obvious truths, I dread the imputation of pedantry, and of pretending to turn common sense into science. If I follow these principles through a minute detail, I may appear trifling. I therefore hope the reader will believe me, when I tell him, that these defects have not escaped my discernment, but that my genius, the nature of the work, and the connection of the subject, have obliged me to write in an order and in a stile where every thing has been sacrificed to perspicuity.

My principal aim shall be to discover truth, and to enable my reader to touch the very link of the chain where I may at any time go astray.

My business shall not be to seek for new thoughts, but to reason consequentially; and if any thing new be found, it will be in the conclusions.

Long steps in political reasoning lead to error; close reasoning is tedious, and to many appears trivial: this however must be my plan, and my consolation is, that the further I advance, I shall become the more interesting.

Every supposition must be considered as strictly relative to the circumstances presupposed; and though, in order to prevent misapplication, and to avoid abstraction as much as possible, I frequently make use of examples for illustrating every principle; yet these, which are taken from matters of fact, must be supposed divested of every foreign circumstance inconsistent with the supposition.

I shall combat no particular opinion in such intricate matters; though sometimes I may pass them in review, in order to point out how I am led to differ from them.

I pretend to form no system, but by following out a succession of principles, consistent with the nature of man, and with one another, I shall endeavour to furnish some materials towards the forming of a good one.

C H A P. I.

Of the Government of Mankind.

MAN we find acting uniformly in all ages, in all countries, and in all climates, from the principles of self-interest, expediency, duty, or passion. In this he is alike, in nothing else.

These motives of human actions produce such a variety of combinations, that if we consider the several species of animals in the creation, we shall find the individuals in no class so unlike to one another, as man to man. No wonder then if people differ in opinion with regard to every thing which relates to man.

As this noble animal is a sociable creature, both from necessity and inclination, we also find, in all ages, climates and countries, a certain modification of government, and subordination established among them. Here again we are presented with as great variety as there are different societies; all however agreeing in this, that the end of a *voluntary* subordination to authority is with a view to promote the general good.

Constant and uninterrupted experience has proved to man, that virtue and justice in those who govern, are sufficient to render the society happy, under any form of government. Virtue and justice when applied to government mean no more than a tender affection for the whole society, and an exact and impartial regard for the interest of every class.

All actions, and indeed all things, are good or bad only by relation. Nothing is so complex as relations when considered with regard to a society, and nothing is so difficult as to discover truth when involved and blended with these relations.

We must not conclude from this, that every operation of government becomes problematical and uncertain as to its consequences: some are evidently good; others are notoriously bad: the middle terms are
always

always the least essential, and the more complex they appear to a discerning eye, the more trivial they are found to be in their immediate consequences.

A government must be continually in action, and one principal object of its attention must be, the consequences and effects of new institutions.

Experience alone will shew, what human prudence could not foresee; and mistakes must be corrected as often as expediency requires.

All governments have what they call their fundamental laws; but fundamental, that is, invariable laws, can never subsist among men, the most variable thing we know: the only fundamental law, *salus populi*, must ever be relative, like every other thing. But this is rather a maxim than a law.

It is however expedient, nay absolutely necessary, that in every state, certain laws be supposed fundamental and invariable: both to serve as a curb to the ambition of individuals, and to point out to the statesman the out-lines, or sketch of that plan of government, which experience has proved to be the best adapted to the spirit of his people.

Such laws may even be considered as actually invariable, while a state subsists without convulsions or revolutions: because then the alterations are so gradual, that they become imperceptible to all, but the most discerning, who compare the customs and manners of the same people in different periods of time and under different combinations of circumstances.

As we have taken for granted the fundamental maxim, that every operation of government should be calculated for the good of the people, so we may with equal certainty decide, that in order to make people happy, they must be governed according to the spirit which prevails among them.

I am next to explain what I mean by the spirit of a people, and to shew how far this spirit must be made to influence the government of every society.

C H A P. II.

Of the Spirit of a People.

THE spirit of a people is formed upon a set of received opinions relative to three objects; morals, government, and manners: these once generally adopted by any society, confirmed by long and constant habit, and never called in question, form the basis of all laws, regulate the form of every government, and determine what is commonly called the customs of a country.

To know a people we must examine them under those general heads. We acquire a knowledge of their morals with ease, by consulting the tenets of their religion, and from what is taught among them by authority and under direction.

The second, or government, is more disguised, as it is constantly changing from circumstances, partly resulting from domestic and partly from foreign considerations. A thorough knowledge of their history, and conversation with their statesmen, may give one, who has access to these helps, a very competent knowledge of this branch.

The last, or the knowledge of the manners of a people, is by far the most difficult to acquire, and yet it is the most open to every person's observation. Certain circumstances with regard to manners are supposed by every one in the country to be so well known, so generally followed and observed, that it seldom occurs to any body to inform a stranger concerning them. In one country nothing is so injurious as a stroke with a stick, or even a gesture which implies a design or a desire to strike: * in another a stroke is nothing, but an opprobrious expression is not to be borne. † An innocent liberty with the fair sex, which in one country passes without censure, is looked upon in another as the highest indignity. ‡ In general,

* France.

† Germany.

‡ Spain.

ral, the opinion of a people with regard to injuries is established by custom only, and nothing is more necessary in government, than an exact attention to every circumstance peculiar to the people to be governed.

The kingdom of Spain was lost for a violence committed upon chastity; * the city of Genoa for a blow; † the kingdoms of Naples and Sicily have ever been ready to revolt; because having been for many ages under the dominion of strangers, the people have never been governed according to the true spirit of their manners. Let us consult the revolutions of all countries, and we shall find, that the most trivial circumstances have had a greater influence on the event, than the more weighty reasons, which are always set forth as the real motives. I need not enlarge upon this subject, my intention is only to suggest an idea which any one may pursue, and which will be applied upon many occasions as we go along; for there is no treating any point which regards the political oeconomy of a nation, without accompanying the example with some supposition relative to the spirit of the people. I return.

I have said, that the most difficult thing to learn concerning a people, is the spirit of their manners. Consequently, the most difficult thing for a stranger to adopt, is their manner. Men acquire the language, nay even lose the foreign accent, before they lose the oddity of their manner. The reason is plain. The inclinations must be changed, the taste of amusement must be new modelled; established maxims upon government, manners, nay even upon some moral actions, must undergo certain new modifications, before the stranger's conversation and behaviour becomes consistent with the spirit of the people with whom he lives.

From

* By Roderigo, the last king of the Gothic line.

† Given by an Austrian officer to a Genoese, which occasioned the revolt in 1747, by which the Germans were expelled the city.

From these considerations, we may find the reason, why nothing is more heavy to bear than the government of conquerors, in spite of all their endeavours to render themselves agreeable to the conquered. Of this experience has ever proved the truth, and princes are so much persuaded of it, that when a country is subdued in our days, or when it otherwise changes masters, there is seldom any question of altering, but by very slow degrees and length of time, the established laws and customs of the inhabitants. I might safely say, there is no form of government upon earth so excellent in itself, as, necessarily, to make the people happy under it. Freedom itself, *imposed* upon a people groaning under the greatest slavery, will not make them happy, unless it is made to undergo certain modifications, relative to their established habits.

Having explained what I mean by the spirit of a people, I come next to consider, how far this spirit must influence government.

If governments be taken in general, we shall find them analogous to the spirit of the people. But the point under consideration is, how a statesman is to proceed, when expediency and refinement require a change of administration, or when it becomes necessary from a change of circumstances.

The great alteration in the affairs of Europe within these three centuries, by the discovery of America and the Indies, the springing up of industry and learning, the introduction of trade and the luxurious arts, the establishment of public credit, and a general system of taxation, have entirely altered the plan of government every where.

From feudal and military, it is become free and commercial. I oppose freedom in government to the feudal system, only to mark that there is not found now, that chain of subordination among the subjects, which made the essential part of the feudal form. The head there had little power, and the lower classes of the people little liberty. Now every industrious man, who lives with oeconomy, is free and independent, under most forms of government. Formerly, the power
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of the barons swallowed up the independency of all inferior classes. I oppose commercial to military, only because the military governments now are made to subsist from the consequences and effects of commerce: that is, from the revenue of the state, proceeding from taxes. Formerly, every thing was brought about by numbers; now, numbers of men cannot be kept together without money.

This is sufficient to point out the nature of the revolution in the political state, and of consequence in the manners of Europe.

The spirit of a people changes no doubt of itself, but by slow degrees. The same generation commonly adheres to the same principles, and retains the same spirit. In every country we find two generations upon the stage at a time; that is to say, we may distribute into two classes the spirit which prevails; the one amongst men between twenty and thirty, when opinions are forming; the other of those who are past fifty, when opinions and habits are formed and confirmed. A person of judgment and observation may foresee many things relative to government, from an exact application to the rise and progress of new customs and opinions, provided he preserve his mind free from all attachments and prejudices, in favour of those which he himself has adopted, and in that delicacy of sensation necessary to perceive the influence of a change of circumstances. This is the genius proper to form a great statesman.

In every new step the spirit of the people should be first examined, and if that be not found ripe for the execution of the plan, it ought to be put off, kept entirely secret, and every method used to prepare the people to relish the innovation.

The project of introducing popery into England was blown before it was put in practice, and so miscarried. Queen Elizabeth kept her own secret, and succeeded in a similar attempt. The scheme of a general excise was pushed with too much vivacity, was made a matter of party, ill-timed, and the people nowise prepared for it; hence it will be the more difficult

cult to bring about at another time, without the greatest precautions.

In turning and working upon the spirit of a people, nothing is impossible to an able statesman. When a people can be engaged to murder their wives and children, and to burn themselves, rather than submit to a foreign enemy, when they can be brought to give their most precious effects, their ornaments of gold and silver, for the support of a common cause; when women are brought to give their hair to make ropes, and the most decrepit old men to mount the walls of a town for its defence; I think I may say, that by properly conducting and managing the spirit of a people, nothing is impossible to be accomplished. But when I say, nothing is impossible, I must be understood to mean, that nothing essentially necessary for the good of the people is impossible; and this is all that is required in government.

That it requires a particular talent in a statesman to dispose the minds of a people to approve even of the scheme which is the most conducive to their interest and prosperity, appears from this; that we see examples of wise, rich and powerful nations languishing in inactivity, at a time when every individual is animated with a quite contrary spirit; becoming a prey to their enemies, like the city of Jerusalem, while they are taken up with their domestic animosities, only because the remedies proposed against these evils contradict the spirit of the times. *

The great art of governing is to divest one's-self of prejudices and attachments to particular opinions, particular classes, and above all to particular persons; to consult the spirit of the people, to give way to it in appearance, and in so doing to give it a turn capable of inspiring those sentiments which may induce them to relish the change, which an alteration of circumstances has rendered necessary.

Can any change be greater among free men, than from a state of absolute liberty and independency to become

* This was writ in the year 1756, about the time the island of Minorca was taken by the French.

become subject to constraint in the most trivial actions? This change has however taken place over all Europe within these three hundred years, and yet we think ourselves more free than ever our fathers were. Formerly a gentleman who enjoyed a bit of land knew not what it was to have any demand made upon him, but in virtue of obligations by himself contracted. He disposed of the fruits of the earth, and of the labour of his servants or vassals, as he thought fit. Every thing was bought, sold, transferred, transported, modified, and composed, for private consumption, or for public use, without ever the state's being once found interested in what was doing. This, I say, was formerly the general situation of Europe, among free nations under a regular administration; and the only impositions commonly known to affect landed men were made in consequence of a contract of subordination, feudal or other, which had certain limitations; and the impositions were appropriated for certain purposes.

Daily experience shews, that nothing is more against the inclinations of a people, than the imposition of taxes; and the less they are accustomed to them, the more difficult it is to get them established.

The great abuse of governors in the application of taxes contributes not a little to augment and entertain this repugnancy in the governed: but besides abuse, there is often too little management used to prepare the spirits of the people for such innovations: for we see them upon many occasions submitting with cheerfulness to very heavy impositions, provided they be well-timed, and consistent with their manners and disposition. A French gentleman, who cannot bear the thought of being put upon a level with a peasant in paying a land tax, pays contentedly, in time of war, a general tax upon all his effects, under a different name. To pay for your head is terrible in one country; to pay for light appears as terrible in another.

It often happens, that statesmen take the hint of new impositions from the example of other nations, and

and not from a nice examination of their own domestic circumstances. But when these are rightly attended to, it becomes easy to discover the means of executing the same plan, in a way quite adapted to the spirit, temper, and circumstances of the people. When strangers are employed as statesmen, the disorder is still greater, unless in cases of most extraordinary penetration, temper, and above all flexibility and discretion.

Statesmen have sometimes recourse to artifice instead of reason, because their intentions often are not upright. This destroys all confidence between them and the people; and confidence is necessary when you are in a manner obliged to ask a favor, or when at least what you demand is not indisputably your right. A people thus tricked into an imposition, though expedient for their prosperity, will oppose violently, at another time, a like measure, even when essential to their preservation.

At other times, we see statesmen presenting the allurements of present ease, precisely at the time when people's minds are best disposed to receive a burden. I mean when war threatens, and when the mind is heated with a resentment of injuries. Is it not wonderful, at such a time as this, to encrease taxes only in proportion to the interest of money wanted; does not this imply a short-sightedness, or at least an indifference as to what is to come? Is it not more natural, that a people should consent to come under burdens to gratify revenge, than submit to repay a large debt when their minds are in a state of tranquillity.

From the examples I have given, I hope what I mean by the spirit of a people is sufficiently understood, and I think I have abundantly shewn the necessity of its being properly disposed, in order to establish a right plan of oeconomy. This is so true, that many examples may be found, of a people's rejecting the most beneficial institutions, and even the greatest favors, only because some circumstance had shocked their established customs. No wonder then, if we see them refuse to come under limitations, restraints and burdens,

dens, when the utmost they can be flattered with from them, is a distant prospect of national good.

I have found it necessary to premise these general reflections, in order to obviate many objections which might naturally enough occur in the perusal of this inquiry, I shall have occasion to make a number of suppositions, and to draw consequences from them, which are abundantly natural, if a proper spirit in the people be presupposed, but which would be far from being natural without this supposition. I suppose, for example, that a poor man, loaded with many children, would be glad to have the state maintain them; that another, who has wasted lands, would be obliged to one who would gratuitously build him a farm-house upon it. Yet in both suppositions I may prove mistaken; for fathers there are who would rather see their children dead than out of their hands; and proprietors are to be found, who, for the sake of hunting, would lay the finest country in Europe into a waste.

In order to communicate an adequate idea of what I understand by political oeconomy, I have explained the term, by pointing out the object of the art; which is, to provide food, other necessaries, and employment to every one of the society.

This is a very simple and a very general method of defining a most complicated operation.

To provide a proper employment for all the members of a society, is the same as to model and conduct every branch of their concerns.

Upon this idea, I think, may be formed the most extensive basis for an inquiry into the principles of political oeconomy.

The next thing to be done, is to fall upon a distinct method of analysing so extensive a subject, by contriving a train of ideas, which may be directed towards every part of the plan, and which, at the same time, may be made to arise methodically from one another.

For this purpose I have taken a hint from what the late revolutions in the politics of Europe have pointed out to be the regular progress of mankind, from great simplicity to complicated refinement.

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This first book shall then set out by taking up society in the cradle, as I may say. I shall then examine the principles which influence their multiplication, the method of providing for their subsistence, the origin of their labour, the effects of their liberty and slavery, the distribution of them into classes, with some other topics which relate to mankind in general.

Here we shall find the principles of industry influencing the multiplication of mankind, and the cultivation of the soil. This I have thrown in on purpose to prepare my reader for the subject of the second book; where he will find the same principle (under the wings of liberty) providing an easy subsistence for a numerous populace, by the means of trade, which sends the labour of an industrious people over the whole world.

From the experience of what has happened these last two hundred years, we find to what a pitch the trade and industry of Europe has increased alienations, and the circulation of money. I shall, therefore, closely adhere to these, as the most immediate consequences of the preceding improvement; and, by analysing them, I shall form my third book, in which I intend to treat of credit.

We see also how credit has engaged nations to avail themselves of it in their wars, and how, by the use of it, they have been led to contract debts; which they never can satisfy and pay, without imposing taxes. The doctrine then of debts and taxes will very naturally follow that of credit in this great chain of political consequences.

By this kind of historical clue, I shall conduct myself through the great avenues of this extensive labyrinth; and in my review of every particular district, I shall step from consequence to consequence, until I have penetrated into the utmost recesses of my own understanding.

When a subject is broken off, I shall render my transitions as gradual as I can, by still preserving some chain of connexion; and although I cannot flatter myself (in such infinite variety of choice, as to order
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and distribution) to hit off, at all times, that method, which may appear to every reader the most natural and the most correct, yet I shall spare no pains in casting the materials into different forms, so as to make the best distribution of them in my power.

C H A P. III.

Upon what Principles, and from what natural Causes do Mankind multiply? And what are the effects of Procreation in Countries where Numbers are not found to increase?

THE multiplication of mankind has been treated of in different ways; some have made out tables to shew the progression of multiplications, others have treated the question historically. The state of numbers in different ages of the world, or in different countries at different times, has been made the object of inquiry; and the most exact scrutiny into antient authors, the means of investigating the truth of this matter. All passages relative to the subject have been laid together, and accompanied with glosses and interpretations the most plausible, in order to determine the main question. The elaborate performances of Mr. Hume, and Mr. Wallace, who have adopted opposite opinions in regard to the populousness of the antient world, have left nothing new to be said upon this subject; at least the application they appear to have given in examining the antients, is a great discouragement to any one who might otherwise still flatter himself, there, to find out circumstances proper to cast a new light upon the question.

My intention in this chapter is not to decide, nor even to give my opinion upon that matter, far less to combat the arguments advanced on either side. I am to consider the question under a different point of view;

not to enquire what numbers of people were found upon the earth at a certain time, but to examine the natural and rational causes of multiplication. If we can discover these, we may perhaps be led to judge how far they might have operated in different ages and in different countries.

The fundamental principle of the multiplication of all animals, and consequently of man, is generation; the next is food: generation gives existence, food preserves it. Did the earth produce of itself the proper nourishment for man, with unlimited abundance, we should find no occasion to labour in order to procure it. Now in all countries found inhabited, as in those which have been found desolate, if the state of animals be inquired into, the number of them will be found in proportion to the quantity of food produced by the earth, *regularly throughout the year*, for their subsistence. I say, *regularly throughout the year*, because we perceive in those animals which produce in great abundance, such as all the feathered genus, that vast multitudes are destroyed in winter; they are brought forth with the fruits of the earth, and fall in proportion. This principle is so natural, that I think it can hardly be controverted.

As to man, the earth does not spontaneously produce nourishment for him in any considerable degree. I allow that as some species of animals support life by devouring others, so may man; but it must be observed that the species feeding must always be much inferior in number to the species fed upon. This is evident in reason and in fact.

Were the earth therefore uncultivated, the number of mankind would not exceed the proportion of the spontaneous fruits which she offers for their immediate use, or for that of the animals which might be the proper nourishment of man.

There is therefore a certain number of mankind which the earth would be able to maintain without any labour: allow me to call this quantity (A). Does it not, from this exposition of the matter, appear plain, that without labour (A) never can increase any more than animals,

animals, which do not work for themselves, can increafe beyond the proportion of food provided for them by nature? Let it be however observed, that I do not pretend to limit (A) to a determined number. The seasons will no doubt influence the numbers of mankind, as we see they influence the plenty of other animals; but I say (A) will never increafe beyond the fixed proportion above-mentioned.

Having resolved one question with regard to multiplication, and shewn that numbers must become greater or smaller, according to the productions of nature, I come to the second thing proposed to be treated of in the chapter: to wit, what will become of the generative faculty after it has produced the full proportion of (A), and what effects will afterwards follow.

We see how beneficent, I might have said prodigal, nature is, in bestowing life by generation. Several kinds of animals, especially insects, multiply by thousands, and yet the species does not appear annually to increafe. No body can pretend that particular individuals of any species have a privilege to live, and that others die from a difference in their nature. It is therefore reasonable to conclude, that what destroys such vast quantities of those produced, must be, among other causes, the want of food. Let us apply this to man.

Those who are supposed to be fed with the spontaneous fruits of the earth, cannot, from what has been said, multiply beyond that proportion; at the same time the generative faculty will work its natural effects in augmenting numbers. The consequence will be, that certain individuals must become worse fed, consequently weaker; consequently, if in that weakly state, nature should withhold a part of her usual plenty, the whole multitude will be affected by it; a disease may take place, and sweep off a far greater number than that proportioned to the deficiency of the season. What results from this? That those who have escaped, finding food more plentiful, become vigorous and strong; generation gives life to additional numbers,

bers, food preserves it, until they rise up to the former standard.

Thus the generative faculty resembles a spring loaded with a weight, which always exerts itself in proportion to the diminution of resistance: when food has remained some time without augmentation or diminution, generation will carry numbers as high as possible; if then food come to be diminished, the spring is overpowered; the force of it becomes less than nothing. Inhabitants will diminish, at least, in proportion to the overcharge. If, upon the other hand, food be increased, the spring which stood at 0, will begin to exert itself in proportion as the resistance diminishes; people will begin to be better fed; they will multiply, and in proportion as they increase in numbers, the food will become scarce again.

I must here subjoin a remark very analogous to this subject. That the generative faculty in man (which we have compared to a spring) and the care and love we have for our children, first prompt us to multiply, and then engage us to divide what we have with our little ones. Thus from dividing and subdividing it happens, that in every country where food is limited to a certain quantity, the inhabitants must be subsisted in a regular progression, descending down from plenty and ample subsistence, to the last periods of want, and even sometimes starving for hunger.

Although the examples of this last extremity are not common in some countries, yet I believe they are more so than is generally imagined; and the other stages of want are productive of many diseases, and of a decay which extinguishes the faculty of generation, or which weakens it, so as to produce children less vigorous and less healthy. I appeal to experience, if this reasoning be not just.

Put two or three pairs of rabbits into a field proper for them, the multiplication will be rapid; and in a few years the warren will be stocked: you may take yearly from it a hundred pairs, I shall suppose, and keep your warren in good order: give
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over taking any for some years, you will perhaps find your original stock rather diminished than increased, for the reasons above mentioned. Africa yearly furnishes many thousands for the cultivation of America; in this she resembles the warren. I have little doubt but that if all her sons were returned to her, by far the greater part would die of hunger.

C H A P. IV.

Continuation of the same Subject, with regard to the natural and immediate effects of Agriculture, as to Population.

I PROCEED in my examination. I now suppose man to add his labour and industry to the natural activity of the soil: in so far, as by this he produces an additional quantity of food, in so far he lays a foundation for the maintenance of an additional number. This number I shall call (B.) From this I conclude, that as (A) is in a constant proportion to the spontaneous fruits, so (B) must be in proportion to agriculture (by this term I understand at present every method of augmenting food by labour) consequently the number maintained by the labour of mankind must be to the whole number of mankind as (B) is to (A+B), or as (B) is to (A) and (B) jointly.

By this operation, we find mankind immediately divided into two classes; those, who, without working, live upon the spontaneous fruits of the earth; that is, upon milk, cattle, hunting, &c. The other part, those who are obliged to labour the soil. It is proper next to inquire what should naturally oblige a man to labour; and what are the natural consequences of it as to multiplication.

We have already said, that the principle of generation is inherent in man, and prompts him to multiply. Another principle, as naturally inherent in the mind,

as the first is in the body, is self-love, or a desire of ease and happiness, which prompts those who find in themselves any superiority, whether personal, or political, to make use of every natural advantage. Consequently, such will multiply proportionably: because by appropriating to themselves the fruits of the earth, they have the means of subsisting their offspring. The others, I think, will very naturally become their servants; as this method is of all others the most easy to procure subsistence. This is so analogous to the nature of man, that we see every where, even among children, that the smallest superiority in any one over the rest, constantly draws along with it a tribute of service in one way or other. Those who become servants for the sake of food, will soon become slaves: for slavery is but the abuse of service, established by a civil institution; and men who find no possibility of subsisting otherwise, will be obliged to serve upon the conditions prescribed to them.

This seems a consequence not unnatural in the infancy of the world: yet I do not pretend to affirm that this was the origin of slavery. Servants, however, there have always been; and the abuse of service is what we understand by slavery. The subordination of children to their parents, and of servants to their masters, seems to be the most rational origin of society and government. The first of these is natural, and follows as the unavoidable consequence of an entire dependance: the second is political, and may very naturally take place as to those who cannot otherwise procure subsistence. This last species of subordination may, I think, have taken place, the moment man became obliged to labour for subsistence, but no sooner.

The wants of man are not confined to food, merely. When food is to be produced from the rude surface of the earth, a great part of his time must be taken up with this object, even supposing him to be provided with every utensil proper for the exercise of his industry: he must therefore be in a worse condition to provide for his other wants: consequently, he may be willing to serve any

any one who will do it for him. Whereas on the other hand, if we suppose all mankind idle and fed, living upon the spontaneous fruits of the earth, the plan of universal liberty becomes quite natural: because under such circumstances they find no inducement to come under a voluntary subordination.

Let us now borrow the idea of a primitive society, of a government, of a king, from the most antient history we have, the better to point out the effects of agriculture and multiplication. The society is the whole taken together; it is Jacob, his sons, their wives, their children, and all the servants. The government regards the institutions prescribed by Jacob, to every one of the family, concerning their respective subordination and duty. Multiplication will here go forward, not in proportion to the generative faculty, but according to the employment of the persons already generated. If Jacob continued pasturing his herds, he must extend the limits of his right of pasture; he must multiply his stock of cattle, in proportion as the mouths of his family augment. He is charged with all this detail: for he is master, and director, and statesman, and general provider. His servants will work as they are ordered; but if he has not had the proper foresight, to break up lands so soon as his family comes nearly up to that proportion which his flocks can easily feed; if in this case, a dry season should burn up the grass in Palestine, he will be obliged to send some of his stock of cattle, with some of his family, to market, there to be sold; and with the price he must buy corn. For in this early age, there was money, there were manufacturers of sackcloth, of common rayment, and of party-coloured garments; there was a trade in corn, in spicery, balm, and myrrh. Jacob and his family were shepherds, but they lived not entirely on flesh; they eat bread: consequently there was tillage in those days, though they exercised none. The famine however was ready to destroy them, and probably would have done it, but for the providential circumstance of Joseph's being governor of Egypt. He relieved their

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distress,

distress, he gave to his family the best country in the whole kingdom for pasture; and they had a gratuitous supply of bread.

No doubt, so long as these favourable circumstances subsisted, multiplication would go on apace. What supernatural assistance God was pleased to grant for the increase of his chosen people, does not concern my inquiry.

I have mentioned transiently this example of the patriarch, only to point out how antient the use of money, the invention of trade and manufactures appear to have been. Without such previous establishments, I consider mankind as savages, living on the spontaneous fruits of the earth, as in the first supposition; and confined, as to numbers, to the actual extent of these productions.

From what has been said, we may conclude, that the numbers of mankind must depend upon the quantity of food produced by the earth for their nourishment; from which, as a corollary, may be drawn,

That mankind have been, as to numbers, and must ever be, in proportion to the food produced; and that the food produced will be in the compound proportion of the fertility of the climate, and the industry of the inhabitants.

From this last proposition it appears plain, that there can be no general rule for determining the number of inhabitants necessary for agriculture, not even in the same country. The fertility of the soil when labour'd; the ease of labouring it; the quantity of good spontaneous fruits; the plenty of fish in the rivers and sea; the abundance of wild birds and beasts; have in all ages, and ever must influence greatly the nourishment, and, consequently, regulate the multiplication of man, and determine his employment.

To make an establishment in a country not before inhabited, to root out woods, destroy wild and venomous animals, drain marshy grounds, give a free course to water, and to lay down the surface into corn fields, must surely require more hands than to cultivate the same after it is improved. For the truth of this, I appeal to our American brethren.

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We may therefore conclude, that the most essential requisite for population, is that of agriculture, or the providing of subsistence. Upon this all the rest depends: while subsistence is upon a precarious footing, no statesman can turn his attention to any thing else.

The great importance of this object has engaged some to imagine, that the luxurious arts, in our days, are prejudicial both to agriculture and multiplication. It is sometimes a loss to fix one's attention too much upon any one object, however important. No body can dispute that agriculture is the foundation of multiplication, and the most essential requisite for the prosperity of a state. But it does not follow from this, that almost every body in the state should be employed in it; that would be inverting the order of things, and turning the servant into the master. The duty and business of man is not to feed; he is fed, in order to do his duty, and to become useful.

It is not sufficient for my purpose to know, that the introduction of agriculture, by multiplying the quantity of the earth's productions, does evidently tend to increase the numbers of mankind. I must examine the *political causes* which must concur, in order to operate this effect.

For this purpose, my next inquiry shall be directed towards discovering the true principles which influence the employment of man, with respect to agriculture. I shall spare no pains in examining this point to the bottom, even though it should lead me to anticipate some branches of my subject.

I shall endeavour to lay down principles consistent with the nature of man, with agriculture, and with multiplication, in order, by their means, to discover both the use and abuse of the two last. When these parts are well understood, the rest will go on more smoothly, and I shall find the less occasion to interrupt my subject, in order to explain the topics upon which the whole depends:

C H A P. V.

In what Manner, and according to what Principles, and political Causes, does Agriculture augment Population?

I HAVE already shewn, how the spontaneous fruits of the earth provide a fund of nourishment for a determined number of men, and I have slightly touched upon the consequences of adding labour to the natural activity of the soil.

Let me now carry this inquiry a little further. Let me suppose a country fertile in spontaneous productions, capable of improvements of every kind, inhabited by a people living under a free government, and in the most refined simplicity, without trade, without the luxurious arts, and without ambition. Let me here suppose a statesman, who shall inspire a taste for agriculture and for labour into those who formerly consumed the spontaneous fruits of the earth in ease and idleness. What will become of this augmentation of food produced by this additional labour?

The sudden increase of food, such as that here supposed, will immediately diffuse vigour into all; and if the additional quantity be not very great, no superfluity will be found. No sooner will the inhabitants be fully nourished, but they will begin to multiply anew; then they will come to divide with their children, and food will become scarce again.

Thus much is necessary for the illustration of one principle; but the effects, which we have been pointing out, will not be produced barely by engaging those who lived by hunting (I suppose) to quit that trade, and turn farmers. The statesman must also find out a method to make the produce of this new branch of industry circulate downwards, so as to relieve the wants of the most necessitous. Otherwise, the plenty produced, remaining in the hands of those who produced it, will become to them an absolute superfluity; which,

which, had they any trade with a neighbouring state, they would sell, or exchange, and leave their fellow citizens to starve. And as we suppose no trade at all, this superfluity will perish like their cherries, in a year of plenty; and consequently the farmers will immediately give over working.

If, to prevent this inconveniency, the statesman forces certain classes to labour the soil, and, with discretion, distributes the produce of it to all that have occasion for subsistence, taking in return their services for the public benefit; this will prove an infallible way of multiplying inhabitants, of making them laborious, and of preserving a simplicity of manners; but it is also the picture of antient slavery, and is therefore excluded from the supposition.

If he acts consistently with that spirit of liberty, which we have supposed to animate his subjects, he has no method left, but to contrive different employments for the hands of the necessitous, that, by their labour, they may produce an equivalent which may be acceptable to the farmers, in lieu of this superfluity; for these last will certainly not raise it, if they cannot dispose of it; nor will they dispose of it, but for a proper equivalent. This is the only method (in a free state) of procuring additional food, and of distributing it through the society, as the price of those hours which before were spent in idleness: and, as this will prove a more certain and more extensive fund of subsistence, than the precarious productions of spontaneous fruits, which cannot be increased at discretion, and in proportion to demand, it will greatly increase numbers; but on the other hand, it must evidently destroy that simplicity of manners which naturally reigns among nations who do not labour.

A people, therefore, who have an industrious turn, will multiply in proportion to the superfluity of their farmers; because the labour of the necessitous will prove an equivalent for it.

Now this additional number of inhabitants being raised and fed with the superfluity *actually* produced by the farmers, can never be supposed necessary for providing

providing that quantity, which (though relatively to the farmers it be called a superfluity) is only a sufficiency relatively to the whole society; and, therefore, if it be found necessary to employ the new inhabitants also in farming, it must only be with a view to a still greater multiplication.

Further, we may lay it down as a principle, that a farmer will not labour to produce a superfluity of grain relatively to his own consumption, unless he finds some want which may be supplied by means of that superfluity; neither will other industrious persons work to supply the wants of the farmer for any other reason than to procure subsistence, which they cannot otherwise so easily obtain. These are the reciprocal wants which the statesman must create, in order to bind the society together. Here then is one principle: *Agriculture among a free people will augment population, only in proportion as the necessitous are put in a situation to purchase subsistence with their labour.* I proceed.

If in any country which actually produces nourishment for its inhabitants, according to the progress above-mentioned, (p. 27.) a plan is set on foot for the extension of agriculture; the augmentation must be made to bear a due proportion to the progress of industry and wants of the people, or else an outlet must be provided for disposing of the superfluity. And if, at setting out, a foreign consumption cannot be procured for the produce of husbandry, the greatest caution must be had to keep the improvement of the soil within proper bounds: for, without this, the plan intended for an improvement will, by over-doing, turn out to the detriment of agriculture. This will be the case, if the fruits of the earth be made to increase faster than the numbers and the industry of those who are to consume them. For if the whole be not consumed, the regorging plenty will discourage the industry of the farmer.

But if, together with an encouragement to agriculture, a proper outlet be found for the superfluity, until the numbers and industry of the people, by increasing, shall augment the home-consumption, which
again

again by degrees will diminish the quantity of exportation, then the spring will easily overcome the resistance; it will dilate; that is, numbers will continue to increase.

From this may be derived another principle: *That agriculture, when encouraged for the sake of multiplying inhabitants, must keep pace with the progress of industry; or an out-let must be provided for all superfluity.*

In the foregoing example, I have supposed no exportation, the more to simplify the supposition: I was, therefore, obliged to throw in a circumstance, in order to supply the want of it; to wit, an augmentation of inland demand from the suspension of hunting; and I have supposed those who formerly supported themselves by this, to consume the superfluous food of the farmers for the price of their labour. This may do well enough as a supposition, and has been made use of only to explain principles; but the manners of a people are not so easily changed; and therefore I have anticipated a little the supposition of trade, only to shew how it must concur with industry, in the advancement of agriculture and multiplication.

Let me next consider the consequences of an augmentation of agriculture in a country where the inhabitants are lazy; or where they live in such simplicity of manners, as to have few wants which labour and industry can supply. In this case, I say, the scheme of agriculture will not succeed; and, if set on foot, part of the grounds will soon become uncultivated again.

The laziest part of the farmers, disgusted with a labour which produces a plenty superfluous to themselves, which they cannot dispose of for any equivalent, will give over working and return to their antient simplicity. The more laborious will not furnish food to the necessitous for nothing: such therefore who cannot otherwise subsist, will naturally serve the industrious, and thereby sell their service for food. Thus by the diminution of labour, a part of the country, proportional to the quantity of food which the farmers formerly found superfluous, will again become uncultivated.

Here

Here then will be found a country, the population of which must stop for want of food; and which, by the supposition, is abundantly able to produce more. Experience every where shews the possible existence of such a case, since no country in Europe is cultivated to the utmost; and that there are many still, where cultivation, and consequently multiplication, is at a stop. These nations I consider as in a *moral incapacity* of multiplying: the incapacity would be *physical*, if there was an actual impossibility of their procuring an augmentation of food by any means whatsoever.

These principles seem to be confirmed by experience, whether we compare them with the manner of living among the free American savages, or among the free, industrious, and laborious Europeans. We find the productions of all countries, generally speaking, in proportion to the number of their inhabitants; and, on the other hand, the inhabitants are most commonly in proportion to the food.

I beg that this may not be looked upon as a quibble, or what is called a vicious circle. I have qualified the general proposition by subjoining that it is found true most commonly; and from what is to follow, we shall better discover both the truth and meaning of what is here advanced. While certain causes operate, food will augment, and mankind will increase in proportion; when these causes cease, *procreation* will not augment numbers; then the general proposition will take place; numbers and food will remain the same, and balance one another. This I imagine to be so in fact; and I hope to shew that it is rational also. Let me now put an end to this chapter, by drawing some conclusions from what has been laid down, in order to enlarge our ideas, and to enable us to extend our plan.

I. One consequence of a fruitful soil, possessed by a free people, given to agriculture, and inclined to industry, will be the production of a superfluous quantity of food, over and above what is necessary to feed the farmers. Inhabitants will multiply, and according to their increase, a certain number of the whole, proportional to such superfluity of nourishment produced,

ced, will apply themselves to industry and to the supplying of other wants.

II. From this operation produced by industry, we find the people distributed into two classes. The first is that of the farmers who produce the subsistence, and who are necessarily employed in this branch of business; the other I shall call *free bands*; because their occupation being to procure themselves subsistence out of the superfluity of the farmers, and by a labour adapted to the wants of the society, may vary according to these wants, and these again according to the spirit of the times.

III. If, in the country we are treating of, both money and the luxurious arts are supposed unknown, then the superfluity of the farmers will be in proportion to the number of those whose labour will be found sufficient to provide for all the other necessities of the inhabitants; and so soon as this is accomplished, the consumption and produce becoming equally balanced, the inhabitants will increase no more, or at least very precariously, unless their wants be multiplied:

CHAP. VI.

How the Wants of Mankind promote their Multiplication.

IF the country we were treating of in the former chapter, be supposed of a considerable extent and fruitfulness, and if the inhabitants have a turn for industry; in a short time, *luxury* and the use of *money* (or of something participating of the nature of money) will infallibly be introduced.

By *LUXURY*, I understand *the consumption of any thing produced by the labour or ingenuity of man, which flatters our senses or taste of living, and which is neither necessary for our being well fed, well clothed, well defended*

*fended against the injuries of the weather, nor for securing us against every thing which can hurt us.**

By MONEY, I understand any commodity, which purely in itself is of no material use to man for the purposes above-mentioned, but which acquires such an estimation from his opinion of it, as to become the universal measure of what is called value, and an adequate equivalent for any thing alienable.

Here a new scene opens. This money must be found in the hands of some of the inhabitants; naturally, of such as have had the wit to invent it, and the address to make their countrymen fond of it, by representing it as an equivalent value for food and necessaries; that is to say, the means of procuring, without work or toil, not only the labour of others, but food itself.

Here then is produced a new object of want. Every person becomes fond of having money; but how to get it is the question. The proprietors will not give it for nothing, and by our former supposition every one within the society was understood to be abundantly supplied

* As my subject is different from that of morals, I have no occasion to consider the term luxury in any other than a political sense, to wit, as a principle which produces employment, and gives bread to those who supply the demands of the rich. For this reason I have chosen the above definition of it, which conveys no idea, either of abuse, sensuality, or excess; nor do I, at present, even consider the hurtful consequences of it as to foreign trade. Principles here are treated of with regard to mankind in general, and the effects of luxury are only considered relatively to multiplication and agriculture. Our reasoning will take a different turn, when we come to examine the separate interest of nations, and the principles of trade.

I beg therefore, that at present my reasoning be carried no further (from inductions and suppositions) than my intention is that it should be. I am no patron, either of vice, profusion, or the dissipation of private fortunes; although I may now and then reason very coolly upon the political consequences of such diseases in a state, when I only consider the influence they have as to feeding and multiplying a people. My subject is too extensive of itself to admit of being confounded with the doctrine either of morals, or of government, however closely these may appear connected with it; and did I not begin by simplifying ideas as much as possible, and by banishing combinations, I should quickly lose my way, and involve myself in perplexities, inextricable.

supplied with food and necessaries; the farmers, from their labouring the ground; the free hands, by the return of their own ingenuity, in furnishing necessaries. The proprietors therefore of this money have all their wants supplied, and still are possessors of this new kind of riches, which we now suppose to be coveted by all.

The natural consequence here will be, that those who have the money will cease to labour, and yet will consume; and they will not consume for nothing, for they will pay with money.

Here then is a number of inhabitants, who live and consume the produce of the earth without labouring: food will soon become scarce; demand for it will rise, and that will be paid with money: this is the best equivalent of all; many will run to the plough; the superfluity of the farmers will augment; the rich will call for superfluities; the free hands will supply them, and demand food in their turn. These will not be found a burden on the husbandmen, as formerly; the rich, who hired of them their labour or service, must pay them with money, and this money in their hands will serve as an equivalent for the superfluity of nourishment produced by additional agriculture.

When once this imaginary wealth, money, becomes well introduced into a country, luxury will very naturally follow; and when money becomes the object of our wants, mankind become industrious, in turning their labour towards every object which may engage the rich to part with it; and thus the inhabitants of any country may encrease in numbers, until the ground refuses further nourishment. The consequences of this will make the subject of another chapter.

Before we proceed, something must be said, in order to restrain these general assertions a little.

We have supposed a very rapid progress of industry, and a very sudden augmentation of inhabitants, from the introduction of money. But it must be observed, that many circumstances have concurred with the money, to produce this effect.

□ We have supposed a country capable of improvement, a laborious people, a taste of refinement and luxury in the rich, an ambition to become so, and an application to labour and ingenuity in the lower classes of men. According to the greater or less degree of force or concurrence of these and like circumstances, will the country in question become more or less cultivated, and consequently peopled.

If the soil be vastly rich, situated in a warm climate, and naturally watered, the productions of the earth will be almost spontaneous: this will make the inhabitants lazy. Laziness is the greatest of all obstacles to labour and industry. Manufactures will never flourish here. The rich, with all their money, will not become luxurious with delicacy and refinement; for I do not mean by luxury the gratification of the animal appetites, nor the abuse of riches, *but an elegance of taste and in living, which has for its object the labour and ingenuity of man*; and as the ingenuity of workmen begets a taste in the rich, so the allurements of riches kindles an ambition, and encourages an application to works of ingenuity in the poor.

Riches therefore will here be adored as a god, but not made subservient to the uses of man; and it is only by the means of swift circulation from hand to hand (as shall be observed in its proper place) that they become productive of the effects mentioned above.*

When money does not circulate, it is the same thing as if it did not exist; and as the treasures found in countries where the inhabitants are lazy do not circulate, they are rather ornamental than useful.

It

* Every transition of money from hand to hand, for a valuable consideration, implies some service done, something wrought by man, or performed by his ingenuity, or some consumption of something produced by his labour. The quicker therefore the circulation of money is in any country, the more strongly it may be inferred, that the inhabitants are laborious; and *vice versa*; but of this more hereafter.

It is not therefore in the most fruitful countries of the world, nor in those which are the best calculated for nourishing great multitudes, that we find the most inhabitants. It is in climates less favoured by nature, and where the soil only produces to those who labour, and in proportion to the industry of every one, where we may expect to find great multitudes; and even these will be found greater or less, in proportion as the turn of the inhabitants is directed to ingenuity and industry.

In such countries where these are made to flourish, the free hands (of whom we have spoken above) will be employed in useful manufactures, which, being refined upon by the ingenious, will determine what is called the standard of taste; this taste will increase consumption, which again will multiply workmen, and these will encourage the production of food for their nourishment.

Let it therefore never be said, that there are too many manufacturers employed in a country; it is the same as if it were said, there are too few idle persons, too few beggars, and too many husbandmen.

We have more than once endeavoured to shew, that these manufacturers never can be fed but out of the superfluity of nourishment produced by the farmers. It is a contradiction, I think, to say, that those who are fed upon the surplus of those who cultivate the soil are necessary for producing a sufficiency to themselves. For if even this surplus were to diminish, the manufacturers, not the labourers, would be the first to be extinguished for want of nourishment.

The importance of the distributive proportion of mankind into labourers and free hands appears so great, and has so intimate a connection with this subject, that it engages me to seek for an illustration of the principles I have been laying down, in an example drawn from facts, as it is found to stand in one of the greatest and most flourishing nations in Europe. But before I proceed further in this part of my subject, I must examine the consequences of slavery, with re-

gard to the subject we are now upon. Relations here are so many and so various, that it is necessary to have sometimes recourse to transitions, of which I give notice to my reader, that he may not lose the connection.

C H A P. VII.

The Effects of Slavery upon the Multiplication and Employment of Mankind.

BEFORE I go on to follow the consequences of the above reasoning, I must stop, to consider a difference, of no small importance, between antient and modern times, which will serve to illustrate the nature of slavery, with regard to population and the employment of mankind.

We have endeavoured to lay down the principles which seem to influence these two objects, supposing all to be free. In that case I imagine the human species will multiply pretty much in proportion to their industry; their industry will increase according to their wants, and these again will be diversified according to the spirit of the times.

From this I conclude, that the more free and simple the manners of a country are, *cæteris paribus*, the fewer inhabitants will be found in it. This is proved by experience every where. The Tartars, who freely wander up and down a country of vast extent, multiply but little; the savages in America, who live upon hunting, in a state of great independence; the inhabitants of several mountainous countries in Europe, where there are few manufactures, and where the inhabitants do not leave the country; in all such places mankind do not multiply. What is the reason of this? One would imagine, where there is a great extent of ground capable of producing food, that mankind

kind should multiply, until the soil refused to give more. I imagine the answer may be easily discovered from the principles above laid down.

Where mankind have few wants, the number of free hands necessary to supply them is very small, consequently, very little surplus from the farmers is sufficient to maintain them. When therefore it happens, that any poor family in the class of free hands is very numerous, division there comes to be carried to its utmost extent, and the greatest part become quite idle, because there is no demand for their work. As long as they can be fed by the division of the emoluments arising from the labour of their parents, or by the charity of others, they live; when these resources fail, they become miserable. In so wretched a situation it is not easy to find bread. The farmers will not double their diligence from a charitable disposition. Those who have land will not allow those indigent people a liberty to raise grain in it for nothing; and although they should the poor are not in a capacity to provide what is necessary for doing it. All other work is fully stocked, the wretched die, or extinguish without multiplying.

To make this more evident, let us suppose the wants of mankind, in any polite nation of Europe, which lives and flourishes in our days upon the produce of its own soil, reduced all at once to the simplicity of the antient patriarchs, or even to that of the old Romans. Suppose all the hands now employed in the luxurious arts, and in every branch of modern manufactures, to become quite idle, how could they be subsisted? What oeconomy could be set on foot able to preserve so many lives useful to the state? Yet it is plain by the supposition, that the farmers of the country are capable of maintaining them, since they do so actually. It would be absurd to propose to employ them in agriculture, seeing there are enough employed in this, to provide food for the whole.

If it be certain that such people would die for want, without any resource, must it not follow, that unless their parents had found the means of maintaining them when children, and they themselves the means of sub-

sisting by their industry in supplying wants, they could not have existed beyond their first infancy.

This seems to strike deep against the populousness of the old world, where we know that the wants of mankind, with regard to trades and manufactures, were so few.

But in those days the wants of mankind were of a different nature. At present there is a demand for the ingenuity of man; then there was a demand for his person and service. Now provided there be a demand for man, whatever use he be put to, the species will multiply; for those who stand in need of them will always feed them, and as long as food is to be found, numbers will increase.

In the present times food cannot, in general, be found, but by labour, and that cannot be found but to supply wants. Nobody will feed a free man, more than he will feed the wild birds or beasts of the field, unless he has occasion for the labour of the one or the flesh of the other.

In the old world the principles were the same, but the spirit of nations was different. Princes wanted to have numerous armies. Free states sought for power in the number of their citizens. The wants of mankind being few, and a simplicity of manners established, to have encouraged industry, excepting in agriculture, which in all ages has been the foundation of population, would have been an inconsistency. To make mankind labour beyond their wants, to make one part of a state work, to maintain the other gratuitously, could only be brought about by slavery, and slavery was therefore introduced universally. Slavery was then as necessary towards multiplication, as it would now be destructive of it. The reason is plain. If mankind be not forced to labour, they will only labour for themselves; and if they have few wants, there will be little labour. But when states come to be formed and have occasion for idle hands to defend them against the violence of their enemies, food at any rate must be procured for those who do not labour; and as, by the supposition, the wants of the labourers are small,

small, a method must be found to increase their labour above the proportion of their wants.

For this purpose slavery was calculated : it had two excellent effects with respect to population. The first, that, in unpolished nations, living upon the spontaneous fruits of the earth, and almost continually in war, lives were preserved for the sake of making slaves of the captives. These, sold to private people, or different states, were sure of being fed ; whereas, remaining in their own country, they only occupied a place, which, by the force of the generative faculty, as has been observed, was soon to be filled up by propagation : for it must not be forgot, that when numbers are swept off, by any sudden calamity, which does not proportionally diminish subsistence, a new multiplication immediately takes place. Thus we perceive the hurt done by plagues, by war, and by other devastations, either among men, or cattle, repaired in a few years, even in those countries where the standard number of both is seldom found to increase. What immense quantities of cattle are yearly slaughtered ! Does any body imagine that if all were allowed to live, numbers would increase in proportion ? The same is true of men.

The second advantage of slavery was, that in countries where a good police prevailed, and where the people had fewer wants by far than are felt in modern times, the slaves were forced to labour the soil which fed both them and the idle freemen, as was the case in Sparta ; or they filled all the servile places which freemen fill now, and they were likewise employed, as in Greece and in Rome, in supplying with manufactures those whose service was necessary for the state.

Here then was a violent method of making mankind laborious in raising food ; and providing this be accomplished, (by any means whatever) numbers will increase.

Trade, industry, and manufactures, only tend to multiply the numbers of men, by encouraging agriculture. If it be therefore supposed, that two states are equally extended, equally fruitful, and equally cultivated, and the produce consumed at home, I believe

they will be found equally peopled. But suppose the one laboured by free men, the other by slaves, what difference will be found in making war? In the first, the free hands must, by their industry and labour, purchase their food, and a day lost in labour is in a manner a day of fasting; in the last, the slaves produce the food, they are first fed, and the rest costs nothing to the body of free men, who may all be employed in war, without the smallest prejudice to industry.

From these principles it appears, that slavery in former times had the same effect in peopling the world that trade and industry have now. Men were then forced to labour because they were slaves to others; men are now forced to labour because they are slaves to their own wants.

I only add, that I do not pretend that in fact slavery in antient times did every where contribute to population, any more than I can affirm that the spirit of industry in the Dutch is common to all free nations in our days. All that is necessary for my purpose is, to set forth the two principles, and to shew the natural effects of the one and the other, with respect to the multiplication of mankind and advancement of agriculture, the principal objects of our attention throughout this book.

I shall at present enlarge no further upon this matter, but return to where I left off in the preceding chapter, and take up the further examination of the fundamental distribution of inhabitants into labourers and free hands.

C H A P. VIII.

What Proportion of Inhabitants is necessary for Agriculture, and what Proportion may be usefully employed in every other Occupation?

I HAVE proposed this question, not with an intention to answer it fully, but to point out how, with the proper lights given, it may be answered.

As I write under circumstances not the most favourable for having recourse to books, I must employ those I have. The article *Political Arithmetic*, of Mr. Chambers's Cyclopaedia, furnishes me with some extracts from Sir William Petty, and Dr. Davenant, which I here intend to employ, towards pointing out a solution of the question proposed. These authors consider the state of England as it appeared to them, and what they say is conclusive only with respect to that state.

Sir William Petty supposes the inhabitants of England to be six millions, the value of grain yearly consumed by them ten millions sterling, the bushel of wheat reckoned at 5s. and that of barley at 2s. 6d. If we cast the two together, and reckon upon an average, this will make the quarter, or eight bushels of grain, worth 1*l.* 10s. but in regard, the barley cannot amount to one half of all the grain consumed, especially as there is a good quantity of rye made use of, which is worth more than the barley, though less than the wheat; let us suppose the grain worth 32s. *per* quarter, at a medium; then ten millions sterling will purchase six millions of quarters of grain, or thereabouts: which used for nourishment, in bread and beer, gives the mean quantity of one quarter, or 512 pounds of grain for every inhabitant, including the nourishment of his proportional part of animals; supposing that Sir William attended to this circumstance, for it is not mentioned by Chambers. And I must observe, by the by, that this computation may hold good as to England,

England, where people eat so little bread; but would not answer in France, nor in almost any other country I have seen.

Dr. Davenant, correcting Sir William's calculation, makes the inhabitants 5,545,000. These, according to Sir William's prices and proportions, would consume to the amount of 8,872,000*l.* sterling; but the Dr. carries it, with reason, a little higher, and states it at 9,075,000*l.* sterling; the difference, however, is inconsiderable. From this he concludes, the gross produce of the corn fields to be about 9,075,000*l.* sterling. I make no criticism upon this computation.

Next, as to the value of other lands; I find Sir William reckons the gross produce of them in butter, cheese, milk, wool, horses yearly bred, flesh for food, tallow, hides, hay, and timber, to amount to 12,000,000*l.* sterling: The amount therefore of the gross produce of all the lands in England must be equal to these two sums added together, that is to 21,075,000*l.* sterling.

From these data, the Dr. values the yearly rent of corn lands at two millions sterling, and those of pasture, &c. at seven millions, in all nine millions.

From this it appears, that the land rents of England are to the gross produce, as nine is to twenty one, or thereabouts.

Let me now examine some other proportions.

The rents of the corn lands are to the gross produce of them, as two is to nine; those of pasture, as seven to twelve.

Now it is very certain, that all rents are in a pretty just proportion to the gross produce, after deducting three principal articles.

1. The nourishment of the farmer, his family and servants.
2. The necessary expences of his family, for manufactures, and instruments for cultivating the ground.
3. His reasonable profits, according to the custom of every country.

Of these three articles, let us distinguish what part implies the direct consumption of the pure produce, from what does not.

Of

Of the first sort are the nourishment of men and cattle, wool and flax for cloathing, firing, and other smaller articles.

Of the second are all manufactures bought, servants wages, the hire of labourers occasionally, and profits, either spent in luxury, (that is superfluity) lent, or laid up.

The three articles above-mentioned which we have distributed under two heads) being deduced from the gross produce, the remaining value shews the land-rent.

This being the case, I am next to examine the cause of the great disproportion between the rents of corn lands, and those of pasture, when compared with the gross produce, in order to draw some conclusion, which may lead to the solution of the question here proposed.

This difference must proceed from the greater proportion of labouring and other inhabitants employed in consequence of tillage; which makes the expence of it far greater than that of pasture. And since, in the one and the other, every article of necessary expence or consumption, appears to be proportionally equal among those concerned in both, that is, proportional to the number of labouring inhabitants; it follows, that the proportion of people employed in agriculture, and upon the account of it, in different countries, is nearly in the ratio of the gross produce to the land-rent; or in other words, in the proportion of the consumption made by the farmers, and by those employed necessarily by them, to the net produce; which is the same thing.

Now as the consumption upon corn farms is seven-ninths, and that upon pasture five-twelfths, the proportion of these two fractions must mark the ratio between the populousness of pasture lands, and those in tillage; that is to say, tillage lands in England were, at that time, peopled in proportion to pasture lands, as 84 is to 45, or as 28 to 15.

This point being settled, I proceed to another; to wit, the application of this net produce or surplus of the quantity of food and necessaries remaining over and above the nourishment, consumption and expence,
of

of the inhabitants employed in agriculture; and which we have observed above, to be equal to the land-rents of England, that is to say, to nine millions yearly.

Must not this of necessity be employed in the nourishment, and for the use of those whom we have called the *free hands*; who may be employed in manufactures, trades, or in any way the state pleases.

Now the number of people, I take to be very nearly in the proportion of the quantity of food they consume; especially when a society is taken thus, in such accumulative proportion, and when all are found under the same circumstances as to the plenty of the year.

The whole gross produce of England we have said to be 21,000,000*l.* sterling, of which 9 millions have remained for those not employed in agriculture; the farmers therefore, and their attendants, must annually consume 12 millions; consequently the last class is to the first as 12 is to 9. If therefore, according to Dr. Davenant, there be 5,545,000 people in that kingdom, there must be about 3,168,571 employed or dependent upon agriculture, and 2,376,429 free hands for every other occupation. But this proportion of farmers will be found far less, if we reflect, that we have reckoned for them the total amount of the three articles above-mentioned, that is to say, the total consumption they make, as well in manufactures, profits upon their labour, &c. as for food and necessities; whereas there has been nothing reckoned for the free hands, but the land-rent: consequently there should be added to the number of the latter as many as are employed in supplying with all sorts of manufactures the whole of the farmers of England, and all those who depend upon them; and this number must be taken from one and added to the other class.

If this number be supposed to amount to four hundred thousand, it will do more than cast the balance upon the opposite side.

From these matters of fact (in so far as they are so) we may conclude:

I. That

I. That the raising of the rents of lands shews the increase of industry, as it swells the fund of subsistence consumed by the industrious; that is, by those who buy it.

II. That it may denote either an increase of inhabitants, or the depopulation of the land, in order to assemble the superfluous mouths in villages, towns, &c. where they may exercise their industry with greater conveniency.

While the land rents of Europe were very low, numbers of the inhabitants appeared to be employed in agriculture; but were really no more than idle consumers of the produce of it. This shall be further illustrated in the subsequent chapters.

III. The more a country is in tillage, the *more* it is inhabited, and the smaller is the proportion of *free bands* for all the services of the state. The more a country is in pasture, the *less* it is inhabited, but the greater is the proportion of *free bands*.

I do not pretend, as I have said above, that there is any calculation to be depended on in this chapter; I have only endeavoured to point out how a calculation might be made, when the true state of England comes to be known.

This question not being of a nature to enter into the chain of our reasoning, may be considered rather as incidental than essential; I have therefore treated it superficially, and chiefly for the sake of the conclusions.

Our next inquiry will naturally be into the principles which determine the residence of inhabitants, in order to discover why, in all flourishing states, cities are now found to be every where increasing.

C H A P. IX.

What are the Principles which regulate the Distribution of Inhabitants into Farms, Villages, Hamlets, Towns, and Cities?

HAVING pointed out the natural distribution of inhabitants into the two capital classes of which we have been treating, I am now going to examine how far their employment must decide as to their place of residence.

I. When mankind is fed upon the spontaneous fruits of the earth, the distribution of their residence depends upon the division of the lands. If these are in common to all, then the inhabitants will be scattered abroad, or gathered together, according as the productions of the earth are equally distributed over the face of the country, or confined to some fruitful spots.

Hence the Tartars wander with their flocks and feed upon them: hence the hunting Indians are scattered in small societies, through the woods, and live upon game: hence others, who feed upon the fruits of the earth, are collected in greater numbers upon the sides of rivers, and in watered vallies.

Where therefore the surface of the earth is not appropriated, *there* the place producing food determines the place of residence of every one of the society, and *there* mankind may live in idleness, and remain free from every constraint.

II. When the earth is not in common to those who live upon her spontaneous fruits, but appropriated by a few, *there* either slavery or industry must be introduced among those who consume the surplus of the proprietors; because they will expect either service or work in return for their superfluity. In that case, the residence of the inhabitants will depend upon the circumstances we are going to consider; and the object of agriculture (in countries where the surface of the earth is not broken up, being solely directed towards
the

the gathering in of fruits) will only determine the residence of these who are necessary for that purpose: consequently it will follow, that in climates where the earth produces spontaneously, and in vast abundance, there *may* be found large cities; because the number of those who are necessary for gathering in the fruits, is small in proportion to their quantity; whereas in other countries, where the earth's productions are scanty, and where the climate refuses those of the copious and luxuriant kind, there will hardly be found any considerable town, as the number of those who are necessary for collecting the subsistence, bear a great proportion to the fruits themselves. I do not say, that in the first case there *must* be large towns, or that in the other there *can* be none; but I say, that in the first case, those who *may* be gathered into towns, bear a great proportion to the whole society; and that in the second, they bear a small one.

I think I have found this principle confirmed by experience. When I compare the bulk and populousness of the cities of Lombardy, and still more, those of the watered provinces of Spain, with the inhabitants of the territory which maintains them, I find the proportion of the first vastly greater than in those of France and England; and still more again in these two last mentioned kingdoms, than in the more northern countries and provinces, where the earth's productions bear a less proportion to the labour bestowed in producing them. Now, although I allow that neither the one or the other to be fed by spontaneous productions, yet still it may be inferred, that the more the climate contributes to favour the labour of man, the more the productions participate of the spontaneous nature. *

Again,

* Hence we may conclude, that in those countries where the people live upon the spontaneous fruits, the whole society (considered in a political light) is found composed of free hands. Nature there supplies the place of the whole class of farmers.

We have said that industry and manufactures are the occupation of the free hands of a state; consequently, where the proportion of them is the largest, industry should flourish to the greatest advantage; that is to say, in countries where the inhabitants

Again, in countries where labour is required for feeding a society, the smaller the proportion of labourers, the greater will be that of the free hands. Fruits which are produced by annual labour, and still more, such as are the consequence of a thorough cultivation, (such as luxuriant pasture) give returns far superior to the nourishment of those employed in the cultivation; consequently, all the surplus is consumed by people not employed in agriculture; consequently, by those who are not bound to reside upon the spot which feeds them, and who may choose the habitation best adapted for the exercise of that industry which is most proper to produce an equivalent to the farmers for their superfluities.

From this it is plain that the residence of the farmers only, is essentially attached to the place of cultivation. Hence, farms in some provinces, villages in others.

I now proceed to the other class of inhabitants; the free hands who live upon the surplus of the farmers.

These I must subdivide into two conditions. The first, those to whom this surplus directly belongs, or who, with a revenue in money already acquired, can purchase it. The second, those who purchase it with their daily labour or personal service.

Those of the first condition may live where they please; those of the second, must live where they can. The residence of the consumers, in many cases, determines that of the suppliers. In proportion, therefore, as those who live where they please choose to live together; in that proportion the others must follow them. And in proportion as the state thinks fit to place the administration of government in one place, in that proportion must the administrators, and every one depending upon them, be gathered together. These
I take

habitants live upon the spontaneous fruits: but that is not the case. Why? Because there is another circumstance of equal weight which prevents it. These people are unacquainted with want, and want is the spur to industry. Let this suffice, in general, as to the distribution of inhabitants in countries unacquainted with labour.

I take to be principles which influence the swelling of the bulk of capitals, and smaller cities.

When the residence of the consumer does not determine that of him who supplies it, other considerations are allowed to operate. This is the case in what may properly be called manufactures, distinguished from trades, whether they be for home consumption, or foreign exportation. These considerations are,

I. Relative to the place and situation of the establishment, which gives a preference to the sides of rivers and rivulets, when machines wrought by water are necessary; to the proximity of forests when fire is employed; to the place which produces the substance of the manufacture; as in mines, collieries, brickworks, &c.

II. Relative to the conveniency of transportation, as upon navigable rivers, or by great roads.

III. Relative to the cheapness of living, consequently not (frequently) in great cities, except for their own consumption. But it must be observed, that this last consideration can hardly ever be permanent: for the very establishment being the means of raising prices, the advantage must diminish in proportion as the undertaking comes to succeed. The best rule therefore is, to set down such manufactures upon the banks of navigable rivers, where all necessary provisions may be brought from a distance at a small cost. This advantage is permanent, the others are not; and may prove in time hurtful, by a change in these very circumstances which decided as to the choice of the situation. From the establishment of manufactures we see hamlets swell into villages, and villages into towns.

Sea-ports owe their establishment to foreign trade. From one or other of these and similar principles, are mankind gathered into hamlets, villages, towns, and cities.

C H A P. X.

Of the Consequences which result from the Separation of the two principal Classes of a People, the Farmers and the Free Hands, with regard to their Dwelling.

I AM next going to examine the consequences resulting to the state, to the citizens, and to the landed interest, from this kind of separation, as I may call it, between the parent earth and her laborious children, which I suppose to take place every where in proportion to the progress of industry, luxury, and the swift circulation of money.

As to the state, it is, I think, very plain, that, without such a distribution of inhabitants, it would be impossible to levy taxes. For as long as the earth nourishes directly those who are upon her surface, as long as she delivers her fruits into the very hand of him who consumes them, there is no alienation, no occasion for money, consequently no possibility of establishing an extensive taxation, as shall in its place be fully explained, and from this principle, is, I imagine, to be deduced the reason, why we find taxation so little known under the feudal form of government.

The personal service of the vassals, with their cattle and servants, upon all occasions made the power and wealth of the lords, and their rents were mostly paid in kind. They lived upon their lands, were commonly jealous of one another, and had constant disputes. This was a very good reason to keep them from coming together. Towns were situated round their habitations. These were mostly composed of the few tradesmen and manufacturers that were in the country. The lord's judge, his fiscal, and his court of record, added to these numbers; law-suits, and the lord's attendance, brought the vassals frequently together; this gave encouragement to houses of entertainment; and this I take to be the picture of the greatest part

part of small towns, if we ascend three or four hundred years from the present time.

Cities were the residence of bishops. These lords were very independent of the civil government, and had at the same time the principal direction in it. They procured privileges to their cities, and these communities formed themselves by degrees into small republics: taxes here have ever been familiar. The feudal lords seldom appeared there, and the inferior classes of the people enjoyed liberty and ease in these cities only.

In some countries of Europe, as in Germany, the principal citizens, in time, became patricians. In France certain offices of public trust sometimes procured nobility to those who bore them, and always consideration. The representatives of the citizens were even admitted into the states, and formed the *tiers état*. Elsewhere they received casual marks of distinction from the sovereign, as the Lord Mayor of London does to this day usually receive knighthood. In short, the only dawning of public liberty to be met with during the feudal government, was in the cities; no wonder then if they increased.

Upon the discovery of America and the East-Indies, industry, trade and luxury were soon introduced in the kingdoms of Spain, France, and England: the grandeur and power of the Hans-towns had already pointed out to sovereigns the importance of those objects.

The courts of princes then became magnificent; the feudal lords insensibly began to frequent them with more assiduity than formerly. The splendor of the prince soon eclipsed those rays which shone around them upon their own lands. They now no more appeared to one another as objects of jealousy, but of emulation. They became acquainted, began to relish a court life, and every one proposed to have a house in the capital. A change of habitation made a change of circumstances, both as to city and country. As to the city; in so far as inhabitants were increased, by the addition of the great lords, and of those who followed their example, demand increased for every sort of pro-

vision and labour; and this quickly drew more inhabitants together. Every one vied with another in magnificence of palaces, clothes, equipages. Modes changed, and by turns enlivened the different branches of ingenuity. Whence came so great a number of inhabitants all of a sudden? He who would have cast his eyes on the deserted residences of the nobility, would have seen the old people weeping and wailing, and nothing heard among them but complaints of desolation: the youth were retired to the city; there was no change as to them.

This is no doubt a plain consequence of a sudden revolution, which never can happen without being attended with great inconveniencies. Many of the numerous attendants of the nobility, who uselessly filled every house and habitation belonging to the great man, were starving for want. He was at court, and calling aloud for money, a thing he was seldom accustomed to have occasion for, except to lock up in his chest. In order to procure this money, he found it expedient to convert a portion of the personal services of his vassals into cash: by this he lost his authority. He then looked out for a farmer (not a husbandman) for an estate which he formerly consumed in its fruits. This undertaker, as I may call him, began by dismissing idle mouths. Still greater complaints ensued. At last, the money spent in the city began to flow into the hands of the industrious: this raised an emulation, and the children of the miserable, who had felt the sad effects of the revolution, but who could not foresee the consequences, began to profit by it. They became easy and independent in the great city, by furnishing to the extravagance of those under whose dominion they were born.

This progression is perhaps too minutely traced to be exact; I therefore stop, to consider the situation of affairs at that period, when all the inconveniences of the sudden revolution had ceased, and when things were come to the state in which we now find them. Capitals swelled to a great extent. Paris and London appear monstrous to some, and are said to be a load upon the rest of the country. This must be examined.

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We agree, I suppose, that the inhabitants of cities are not employed in agriculture, and we may agree that they are fed by it: we have examined into the causes of the increase of cities, and we have seen the fund provided for their subsistence, to wit, the surplus of fruits produced by husbandmen.

What are then the advantages resulting to the citizens from this great increase of their city? I cannot find any great benefit resulting to individuals from that circumstance; but I conclude, that the same advantages which many find in particular, must be common to great numbers; consequently great numbers are gathered together.

The principal objections against great cities are, that health there is not so good, that marriages are not so frequent as in the country, that debauchery prevails, and that abuses are multiplied.

To this I answer, that these objections lie equally against all cities; and are not peculiar to those complained of for their bulk; and that the evils proceed more from the spirit of the inhabitants, than from the size of the capital. As for the prolongation of life, it is more a private than a public concern.

It is further urged, that the number of deaths exceeds the number of births in great cities; consequently smaller towns, and even the country, is stripped of its inhabitants, in order to recruit these capitals.

Here I deny, first, that in all capitals the number of deaths exceeds the number of births; for in Paris it is otherwise. But supposing the assertion to be true, what conclusion can be drawn from it, except that many people who are born in the country die in town. That the country should furnish cities with inhabitants is no evil. What occasion has the country for supernumerary hands? If it has enough for the supply of its own wants, and of the demands of cities, has it not enough? Had it more, the supernumeraries would either consume without working, or, if added to the class of labourers, instead of being added to the number of

free hands, would overturn the balance between the two classes; grain would become too plentiful, and that would cast a general discouragement upon agriculture: whereas, by going to cities, they acquire money, and therewith purchase the grain they would have consumed, had they remained in the country; and this money, which their additional labour in cities will force into circulation, would otherwise have remained locked up, or at least would never have gone into the country, but in consequence of the desertion of the supernumeraries. The proper and only right encouragement for agriculture, is a moderate and gradual increase of demand for the productions of the earth: this works a natural and beneficial increase of inhabitants; and this demand must come from cities, for the husbandmen never have occasion to demand; it is they who offer to sale.

The high prices of most things in large cities is surely a benefit, not a loss to the country. But I must observe that the great expence of living in capitals does not affect the lower classes, nor the moderate and frugal, in any proportion to what it does the rich. If you live on beef, mutton, bread, and beer, you may live as cheap in London, and in Paris, as in most cities I know. These articles abound, and though the demand be great, the provision made for supplying it is in proportion. But when you come to fish, fowl, and game; delicacies of every kind brought from far, by the post, by ships, and messengers; when you have fine equipages, large houses, expensive servants, and abundance of waste in every article, without one grain of oeconomy in any, it is no wonder that money should run away so fast.

I do not, from what has been said, conclude, that there is any evident advantage in having so overgrown a capital as London in such a kingdom as England; but only that I do not find great force in the objections I have met with against it. That there may be others which I do not know, I will not deny, because I am not sufficiently acquainted

quainted with that kingdom to be a competent judge of the matter.

Let me now conclude this chapter, by mentioning in what respects I think cities an advantage, in general, to a country; and, as I go along, I shall point out wherein they prove a disadvantage, in particular to some parts of it.

The general advantages of them are;

I. To remove the unnecessary load upon the land; those idle people, who eat up a part of the produce of labour without contributing to it.

II. The opportunity of levying taxes, and of making these affect the rich, in proportion to the consumption they make, without hurting industry or exportation.

III. The advantages resulting to the landed interest are no less considerable. This is proved by universal experience: for we see every where, that the moment any city, town, or village, begins to increase, by the establishment of trade or manufactures, the lands round about immediately rise in their value. The reason of this seems easily deduced from the above principles.

When a farmer has got his oeconomy under right regulations, not one supernumerary, nor useless mouth, but abundance of hands for every kind of labour, which is generally the case near towns and cities, the proximity of them discharges him of every superfluity. His cattle consume the exact quantity of grain and of forage necessary; what remains is money; a superfluous egg is money; a superfluous day of a cart, of a horse, a superfluous hour of a servant, is all money to the farmer. There is a constant demand for every thing he can do, or furnish. To make this the more sensibly perceived, remove into a province, far from a town, and compare situations. There you find abundance of things superfluous, which cannot be turned into money, which therefore are consumed without much necessity, and with no profit. It is good to have an estate there, when you want to live upon it; it is better to have one near the great town, when you do not.

It may be alledged, that the disadvantages felt by the distant farmer and proprietor, when they compare situations with those situated near the town, proceed from the town : this must be examined.

If the town consume the produce of this distant farm, it must consume it in competition with every place at a smaller distance ; consequently this competition must do more good than harm to the distant farm. If the city consumes none of the produce, wherein does it affect it? It may be answered, that, by entering into competition with the distant farmer for the labouring inhabitants, these desert agriculture, in favour of a more lucrative occupation, to be found in the city. Scarcity of hands in the country raises the price of labour on one hand, while it diminishes the demand on the other ; consequently the farmer suffers a double disadvantage. Of this there can be no doubt ; but as these revolutions cannot by their nature be sudden, it becomes the duty of the statesman, whom I suppose constantly awake, to set on foot directly some branch of industry in every such distant part of the country ; and as prices will diminish for a while, for the reasons above-mentioned, this will prove an encouragement to the establishment ; this again will accelerate propagation, as it will prove an outlet for children, and, in a short time, the farmer will find himself in a better situation than ever. But even without this assistance from the state, a few years will set all to rights, providing the spirit of industry is kept up : for cities, by swelling, extend their demand to the most distant corners of a country ; the inhabitants who desert do not cease to consume, and thereby they repair the hurt they did by their desertion. I appeal to experience for the truth of this. Do we not perceive demand extending every year further and further from great capitals? I know places in France which, twenty years ago, never knew what it was to send even a delicacy to Paris, but by the post, and which now send thither every week loaded waggons, with many thousand weight of provisions ; in so much that I may almost say, that a fatted chicken in the most distant province

province of that country can be sold with great profit in the Paris market during all the winter season; and cattle carry thither their own flesh cheaper than any waggon can. What distant farm then can complain of the greatness of that noble city? There is however a case, where a distant part of a country may suffer in every respect, to wit, when the revolution is sudden; as when a rich man, used to spend his income in his province, for the encouragement of industry, goes to Paris or London, and stays away for a year or two, without minding the interest of the estate he abandons. No doubt that must affect his province in proportion; but in every revolution which comes on gradually by the desertion of such as only lived by their industry, new mouths are born and supply the old. The only question is about employing them well; while you have superfluous food and good oeconomy, a country will always reap the same benefit from her natural advantages.

IV. Another advantage of cities is, the necessity arising from thence of having great roads, and these again prove a considerable encouragement to agriculture.

The miserable condition of roads over all Europe almost, till within these hundred years, is a plain proof of the scanty condition of the cities, and of the small encouragement formerly given towards extending the improvement of the soil.

Let any one examine the situation of the landed interest before the making of great roads in several provinces in France, and compare it with what it is at present. If this be found a difficult inquiry, let him compare the appearance of young gentlemen of middling fortune, as he finds them at Paris, or in their regiment, with that of their fathers, who live in their province in the old way, and he will have a very good opportunity of perceiving the progress of ease and refinement in that class, which has proceeded from no other cause than the improvement of the soil. People complain that prices are risen; of this there is no doubt with regard to many articles. Is it not quite
consistent

consistent with our principles? It is not because there is now a larger mass of money in the kingdom, though I allow this to be true, and also that this circumstance may have contributed to raise prices; but the direct principle which has influenced them, and which will always regulate their rise and fall, is the increase of demand. Now the great roads in a manner carry the goods to market; they seem to shorten distances, they augment the number of carriages of all sorts, they remove the inconveniencies above-mentioned resulting from the distance of the city. The more distant parts of the country come to market, in competition with the farmers in the neighbourhood of the cities. This competition might make the rents of lands lying round such as were the first to encourage industry, sink in their value. But the hurt in this respect done to the proprietors of these lands would soon be repaired. The cities would increase in bulk, demand would increase also, and prices would rise anew. Every thing which employs inhabitants usefully promotes consumption; and this again is an advantage to the state, as it draws money from the treasures of the rich into the hands of the industrious. The easy transportation of fruits produces this effect: the distant farmer can employ his idle hours in providing and the idle days of his servants and cattle in sending things to market, from farms which formerly never knew what it was to sell such productions.

I shall carry these speculations no further, but conclude by observing, that the making of roads must advance population, as they contribute to the advancement of agriculture.

C H A P.

C H A P. XI.

Of the Distribution of Inhabitants into Classes; of the Employment and Multiplication of them.

HAVING deduced the effects of modern policy, in assembling so large a proportion of inhabitants into cities, it is proper to point out the principles which should direct the statesman to the proper means of providing, supporting, and employing them. Without this they neither can live nor multiply. Their parent, Earth, has in a manner banished them from her bosom; they have her no more to suckle them in idleness; industry has gathered them together, labour must support them, and that must produce a surplus for bringing up children. If this resource should fail, misery will ensue: the depopulation of the cities will be followed by the ruin of the lands, and all will go to wreck together.

We have already laid down the principles which appear the most natural to engage mankind to labour, supposing all to be free; and we have observed how slavery, in former times, might work the same effect, as to peopling the world, that trade and industry do now; men were then forced to labour because they were slaves to others, men are forced to labour now because they are slaves to their own wants: provided man be made to labour, and make the earth produce abundantly, and providing that either authority, industry or charity can make the produce circulate for the nourishment of the free hands, the principle of a great population is brought to a full activity.

I shall now suppose these principles to be well understood. Wants promote industry, industry gives food, food increases numbers, the next question is, how numbers are to be well employed?

It is a general maxim in the mouth of every body; increase the inhabitants of the state: the strength and power of a state is in proportion to the number of its inhabitants.

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I am not fond of condemning opinions; but I am very much for limiting general propositions. I have hardly ever escaped being led into error by every one I have laid down. Nothing is so systematical, nothing so pretty in a treatise as general maxims; they facilitate the distribution of our ideas, and I have never been able to dash them out but with a certain regret.

As I often recur to private oeconomics for clearing up my ideas concerning the political, I have asked myself, if it be a general rule, that the master of a family should increase the mouths of it, to the full proportion of all he can feed? Now it is my opinion, that in a small family well composed, and where every one is properly employed, both master and servants are much happier than in others vastly more numerous, where the same order and regularity is not kept up; and that a small number of well disciplined soldiers is more formidable, and really stronger, than the numerous populace of a large city.

The use of inhabitants is to be mutually serviceable one to another in particular, and to the society in general. Consequently, every state should in good policy, first apply itself to make the inhabitants they have answer that purpose, before they carry their views towards augmenting their numbers. I think it is absurd to wish for new inhabitants, without first knowing how to employ the old; and it is ignorance of the real effects of population, to imagine that an increase of numbers will infallibly remove inconveniences which proceed from the abuses of those already existing.

I shall then begin by supposing that inhabitants require rather to be well employed than increased in numbers.

If I know the number of inhabitants, I may know the proportion which die every year: consequently I know how many pairs of breeders are necessary to keep up the stock. If I want to raise twenty bushels of grain only, I do not sow my lands with twenty bushels. If I have as many children born as there are people who die, I have enough by the supposition. But these

these children must be raised proportionally, from the different classes of inhabitants, which I here consider as distributed into two conditions; those who do not labour, and those who do. May I not venture to say, that there is no absolute necessity that those of the first class should multiply in order to recruit the second. If then the second class is kept up to its proper standard by its own multiplication, and if their work be all consumed, will it not be found that the diminution of those mouths who do not work, and which appear only useful in consideration of the consumption they make, is no real loss to the nation? But to this it is objected, that if the number of the first class be diminished, the work of the second will lie upon hand.

Here I look for my answer from what daily experience points out. Two persons (A) and (B) have each 1000*l.* a year; (A) has many children, (B) has none: they both spend their income; (A) upon the necessaries of life for his family, and for the education of his children; for the supplying of which, those of the working class are only employed, for whoever does or gives any thing for money, I consider as a worker: (B) spends his income as a fashionable young gentleman; he has a fine chariot, abundance of footmen in laced liveries; in short, without examining into the particulars of his expence, I find the whole 1000*l.* spent at the end of the year. Neither (A) nor (B) do any work; nor are any of (A's) children necessary as a supply to the working hands, by the supposition. Is it not true then, that (B) has consumed as much work or service, for these I consider as the same thing, as (A) with his family? Nay, I may still go further, and affirm, that (B) has contributed as much if not more, to population than (A.) For if it be true, that he who gives food gives numbers, I say, that the expence of (B) has given food to the children of the industrious employed by him: consequently, in place of having directly contributed to the increase of the idle of the state, which is the case with (A,) he has indirectly contributed to the multiplication of the industrious. What good then does the state reap from

from (A's) children, from his marriage, from his multiplication? Indeed, I see no harm although he had remained a batchelor: for those who produce only idle consumers, certainly add neither riches, strength, or ease to a state. And it is of such people alone that there is any question here.

From this I conclude, that there can be no determined number of rich idle consumers necessary to employ a determined number of industrious people, no more than of masters to employ a fixt number of menial servants. Do we not see a single man frequently attended by more servants than are necessary when he gets a wife and family: nay, it many times happens, that a young man, upon his marriage diminishes the number of his domestics, in order to give bread to his children.

If riches are calculated, as I hope to be able to shew, for the encouragement of industry; if circulation is to be accelerated by every method, in order to give bread to those who are disposed to work, or, in other words, who are disposed to become vigorous members of the commonwealth, by contributing with their strength, their ingenuity, or their talents, to supply her wants, to augment her riches, to promote and administer a good government at home, or to serve it abroad: then, I say, the too great multiplication of those, who come under none of these classes, the idle consumers as I have called them, contribute directly to make the other part languish.

There is no governing a state in perfection, and consequently no executing the plan of a right distribution of the inhabitants, without exactly knowing their situation as to numbers, their employment, the gains upon every species of industry, the numbers produced from each class. These are the means of judging how far those of a particular trade or occupation are in a situation to bring up a family. To examine, on the other hand, the state of the higher classes who do not labour, the ease of their circumstances, and the use the state has for their service, may appear superfluous. Since those who do not work, must be supposed

posed to have wherewithal to live; and consequently not to stand in need of assistance. But this is not every where nor always the case: many excellent subjects are lost to a state, for want of a proper attention in the statesman to this object.

I have observed how necessary a thing it was to govern a people according to their spirit: now by governing, I understand protecting, cherishing, and supporting, as well as punishing, restraining, and exacting. If, therefore, there be found in any country, a very numerous nobility, who look upon trade and the inferior arts, as unbecoming their birth; a good statesman must reflect upon the spirit of former times, and compare it with that of the present. He will then perceive, that these sentiments have been transmitted from father to son, and that six generations are not elapsed since, over all Europe, they were universally adopted: that although the revolution we talked of in the 10th chap. has in effect rendered them less adapted to the spirit of the present times, they are however productive of excellent consequences; they serve as a bulwark to virtue, against the allurements of riches; and it is dangerous to force a set of men who form a considerable body in a state, from necessity, to trample under foot, what they have been persuaded from their infancy to be the test of a noble and generous mind.

About 200 years ago, the nobility of several nations, I mean, by this term, all people well born, whether adorned with particular marks of royal favour or not, used to live upon the produce of their lands. In those days there was little luxury, little circulation; the lands fed numbers of useless mouths, in the modern acceptance of useless, consequently produced a very moderate income in money to the proprietors, who were, notwithstanding, the most considerable persons in the state. This class of inhabitants remaining inactive in the country, during the revolution above mentioned, have, in consequence of the introduction of industry, trade and luxury, insensibly had the balance of wealth, and consequently of consideration turned against them. Of this there is no doubt. This class
however

however has retained the military spirit, the lofty sentiments; and notwithstanding of their depression in point of fortune, are found calculated to shine the brightest, when set in a proper elevation. In times of peace, when trade flourishes, the lustre of those who wallow in public money, the weight and consideration of the wealthy merchant, and even the ease and affluence of the industrious tradesman, eclipse the poor nobility: they become an object of contempt to bad citizens, an object of compassion to the good; and political writers imagine they render them an important service, when they propose to receive them into the lower classes of the people. But when danger threatens from abroad, and when armies are brought into the field, compare the behaviour of those conducted by a warlike nobility, with those conducted by the sons of labour and industry; those who have glory, with those who have gain for their point of view. Let the state only suffer this nobility to languish without a proper encouragement, there is no fear but they will soon disappear; their lands will become possessed by people of a way of thinking more *a la mode*, and the army will quickly adopt new sentiments, more analogous to the spirit of a moneyed interest.

I find nothing more affecting to a good mind, than to see the distress of a poor nobility in both sexes. Some have proposed trade for this class. Why do you not trade? I answer for the nobility; Because, in order to trade, I must have money. This objection is unanswerable. Why then do you not apply to other branches of industry? If it is the state who is supposed to ask the question, I ask, in my turn, What advantage she can reap from their industry? What profit from their becoming shop-keepers, weavers, or taylorers? Are not, or ought not all these classes to be provided with hands from their own multiplication? What advantage can she reap by the children of one class taking the bread out of the mouths of another?

If the sentiments in which the nobility have been educated, prove detrimental to the state, throw a discouragement upon them. If birth is to be no mark of distinction

distinction, let it not be distinguished by any particular privilege, which in appearance sets that class above the level of those with whom the state intends they should be incorporated. You do not make your valet de chambre get behind your coach, though upon an occasion it might be convenient, and though perhaps he had been your footman the day before; you would even turn him out of doors, did he not change his company with his rank.

If you cannot afford to have a nobility, let it die away: grant, as in England, the title of noble to one of a family, and let all the rest be commoners; that is to say, distinguished by no personal privilege whatsoever from the lowest classes of the people. But if you want them to serve you as soldiers, and that they should preserve those sentiments you approve of in a soldier, take care at least of their children. If these appear to you poor and ragged, while they are wandering up and down their fathers lands, chasing a wretched hare or a partridge, compare them, when in the troops, with those of your wealthy neighbours, if any such you have.

The establishment of an *hotel militaire* shews at least that there are people who lend an ear to such representations. I do not propose that a prince should divert into that channel those streams of wealth which flow from every part of the state, though nothing is more reasonable than for men to pay in order to protect their gains, but let a tax be imposed upon noble property, and let that be applied for the education of the generous youth from their earliest years. There the state will have all under her eye, they are her children, her subjects, and they ask no more than to be taken from the obscurity of their habitations, and rendered capable of being employed while young and vigorous. When they have done their task, the country which produced them will receive them back into her warm bosom; there they will produce others like themselves, and support the spirit and propagation of their own class, without becoming any charge upon others.

A statesman should make it his endeavour to employ as many of every class as possible, and when employ-

ment fails in the common run of affairs, to contrive new outlets for young people of every denomination. The old and idle are lost beyond recovery in many particulars.

The mutual relations likewise, through industry, between class and class should be multiplied and encouraged to the utmost. Relations by marriage, I am apt to believe, prove here more hurtful than beneficial. That is to say, I would rather discourage the intermarriage of the persons of different classes; but I would encourage, as much as possible, all sorts of mutual dependencies between them, in the way of their trades. The last tends to keep every one employed, according to the wants and spirit of his class; the first is productive in general of no good effect that I can perceive; which is reason sufficient for a state to give at least no encouragement to such marriages, and this is all the restraint proper to be imposed.

Such members of the society as remain unemployed, either from natural infirmities or misfortunes, and who thereby become a load upon others, are really a load upon the state. This is a disease which must be endured. There is no body, no thing, without diseases. A state should provide retreats of all sorts, for the different conditions of her decayed inhabitants: humanity, good policy, and christianity, require it. Thus much may be said in general upon the principles which direct the employment and distribution of inhabitants, which in every state must be different, according to circumstances relating to the extension, situation and soil of the country, and above all to the spirit of the people. I am next to offer some considerations with regard to the proper methods of augmenting numbers.

C H A P. XII.

Of the great Advantage of combining a well digested Theory and a perfect Knowledge of Facts with the practical Part of Government, in order to make a people multiply.

WE have the happiness to live in an age where daily opportunities offer, of perceiving the difference between exercising an art according to the mechanical received practice, and according to the principles which study and refinement have introduced for bringing it to perfection. This will appear in the strongest light to one who compares the operation of building an ordinary house, with that of executing a great public work, where the most able architects are employed; the making a common parish road, with that of a military way, through mountains, forests, and marshes. In the first, every difficulty appears unsurmountable: in the second, the greatest obstacles are made to vanish. By comparing these things, we distinguish between the artist, who proceeds by the rules of the science, and the ordinary tradesman, who has no other resource than common practice, aided by his own ingenuity.

Every branch of science must be carried to perfection by a master in it, formed by the hand of nature, and improved by application and experience. The great genius of Mr. de Colbert saw through the confusion and perplexity of the administration of the French finances; he invented resources for swelling the public treasure, which never would have been liable to so many inconveniencies as are complained of, had the administration been conducted with as much disinterestedness, as it was set on foot with ability. The genius of Mr. Law was original as to figures and paper credit. Sir Robert Walpole discovered new principles of taxation, he extended the plan of public credit, and reduced the application of it to a science. These were born statesmen, they were creators of new

ideas, they found out new principles for the government of men, and led them by their interest to concur in the execution of their plans. Men of a speculative disposition may broach hints, although the force of theory, destitute of practice, and unassisted by experiment, be not sufficient to carry them the length of forming a plan. A great genius, with power and authority, has occasion for no more than a hint to strike out the system, and to carry it, with success, into execution.

No problems of political oeconomy seem more obscure than those which influence the multiplication of the human species, and which determine the distribution and employment of them, so as best to advance the prosperity of each particular society.

I have no where found these matters treated to my wish, nor have I ever been able to satisfy myself concerning them. There are many clouds which still cover the fruitful fields of this science; and until these be dissipated, the political eye cannot take in the whole landscape, nor judge of the deformities which appear in the many representations which our modern painters are daily giving of it,

I may here, without an imputation of vanity, put myself so far upon a level with the great Montesquieu, as to adopt the saying of Correggio, *Io anche son pittore*; I am also a dauber; for I frankly acknowledge my own insufficiency to treat this subject with perspicuity: my frequent repetitions, and my often returning to it at different times, in order to clear up my ideas, and those of my readers, shew plainly, that I am sensible of my own insufficiency. By setting it in different lights, and viewing it as it were from different stations, perhaps both my reader and I may come at last to see a little clearer.

In a former chapter, I have endeavoured to lay down the principles which influence multiplication; but alas! they are all so general, that they can be considered only as the most remote. They may satisfy a slight speculation, but can be of little use in practice. I have principally insisted upon those which are found

to operate at all times among societies where primitive simplicity prevails. Now this matter comes to be examined in a more complex light, as relative to the modern manners of mankind, which no statesman, however able, can change, where trade, industry, luxury, credit, taxes, and debts, are introduced. In these the most polite nations of Europe are involved. This is a chain of adamant, it hangs together by a cohesion, which the successive revolutions of three centuries have so cemented with the spirit of nations, that it appears to be indissoluble. It is not my business to examine how far the modern system is to be preferred to the antient; my point of view is, to investigate how a statesman may turn the circumstances which have produced this new plan of oeconomy to the best advantage for mankind, leaving the reformation of such plan to time and events, of which I am not the master. Schemes of recalling antient simplicity, and of making mankind honest and virtuous, are beautiful speculations: I admire them as much as any body, but not enough to believe them practicable in our degenerate age.

If therefore the principles I here lay down appear contradictory to so amiable a system of policy, let no man thence conclude any thing to my disadvantage upon the account of my particular opinion of it, which is a matter of no importance whatsoever. My object is to examine the consequences of what we feel and see daily passing, and to point out how far the bad may be avoided, and the good turned to the best advantage.

The loss of antient simplicity, and the introduction of this complicated scheme of living, has rendered the mechanism of government infinitely more difficult, and almost every disorder in the political body affects multiplication. Depopulation is as certain a mark of political diseases, as wasting is of those in the human body. The increase of numbers in a state shews youth and vigour; when numbers do not diminish, we have an idea of manhood, and of age when they decline.

The importance of the subject therefore requires me to bring it once more upon the carpet, in order to inquire into the proper methods of restoring and preserving youth, and of diffusing vigour into every articulation, into every vein, into every nerve, as I may say, of a modern society.

In the republic of Lycurgus an unmarried man met with no respect; because no reason but debauchery could prevent his marrying. Marriage was no load in a state where all were fed and taken care of at the public charge. A Spartan who did not marry, was considered as one who refused to contribute towards recruiting of the army, only to gratify a vicious habit.

The *jus trium liberorum*, and the other encouragements given by Augustus Cæsar, to engage the Romans to marry, were calculated chiefly for the nobility, and only for the citizens, but not at all for the inferior class (the slaves) bound to labour. The vice to be corrected, and that which the emperor had in his eye in those institutions, was the prodigal and dissolute life of rich men who lived in celibacy. This affected the Roman state, and deprived it of its principal force, the military power, the equites. Judge of the force of this class by the numbers of them destroyed at Cannæ. In those days, the chief encouragement to multiplication was to be directed towards the higher classes; the lower classes of the people (by far the most numerous in all countries and in all ages) were easily recruited, by the importation of slaves, as they are now in the West-Indies, where, consequently, the same principle must naturally operate, which fixed the attention of the wise emperor. The state of affairs in Europe, and in England particularly, is changed entirely, by the establishment of universal liberty. Our lowest classes are absolutely free; they belong to themselves, and must bring up their own children, else the state becomes depopulated. There is no resource to us from importation, whether by ships, or acts of parliament for naturalization. We shall always have a numerous and free common people, and shall constantly have the same

same inconveniencies to struggle with, as long as the lowest classes remain in such depression as not to be able to support their own numbers. Here then lies the difficulty. In order to have a flourishing state, which Sir William Temple beautifully compared to a pyramid, we must form a large and solid basis of the lowest classes of mankind. As the classes mount in wealth, the pyramid draws narrower until it terminate in a point, (as in monarchy) or in a small square, as in the aristocratical and mixed governments. This lowest class therefore must be kept up, and, as we have said, by its own multiplication. But where every one lives by his own industry, a competition comes in, and he who works cheapest gains the preference. How can a married man, who has children to maintain, dispute this preference with one that is single? The unmarried, therefore force the others to starve; and the basis of the pyramid is contracted. Let this short sketch of a most important part of our subject suffice at present; it shall be taken up and examined at more length, in the chapter of physical necessities, or natural wants.

From this results the principal cause of decay in modern states: it results from liberty, and is inseparably connected with it.

Several modern writers upon this subject recommend marriage, in the strongest manner, to all classes of inhabitants; yet a parish priest might, properly enough, not be warranted to join a couple unless they could make it appear that their children were not likely to become a burden to the parish. Could any fault be found, reasonably, with such a regulation? Those who are gratuitously fed by others are a load upon the state, and no acquisition, certainly, so long as they continue so. Nothing is so easy as to marry; nothing so natural, especially among the lower sort. But, as in order to reap, it is not sufficient to plow and to sow, so in order to bring up children, it is not sufficient to marry. A nest is necessary for every animal which produces a helpless brood, a house is the nest for children;

dren; but every man who can beget a child cannot build or rent a house.

These reflections lead me to make a distinction which I apprehend may be of use in clearing up our ideas concerning population. Let me therefore consider the generation of man in a political light, and it will present itself under two forms. The one as a real multiplication; the other only as procreation.

Children produced from parents who are able to maintain them, and bring them up to a way of getting bread for themselves, do really multiply and serve the state. Those born of parents whose subsistence is precarious, or which is proportioned only to their own physical necessary, have a precarious existence, and will undoubtedly begin their life by being beggars. Many such will perish for want of food, but many more for want of ease; their mendicity will be accompanied with that of their parents, and the whole will go to ruin; according to the admirable expression of the Marechal de Vauban, in his *Dixme Royale*. *La mendicité, says he, est un mal qui tue bientôt son homme.* He had many examples of the truth of it before his eyes; whoever has not, must have seen little of the world.

When marriage is contracted without the requisites for multiplication, it produces a procreation, attended with the above mentioned inconveniencies; and as by far the greater part of inhabitants are in the lower classes, it becomes the duty of a statesman to provide against such evils, if he intends, usefully, to increase the number of his people.

Every plan proposed for this purpose, which does not proceed upon an exact recapitulation of the inhabitants of a country, parish by parish, will prove nothing more than an expedient for walking in the dark. Among such recapitulations or lists I would recommend, as an improvement upon those I have seen in the Marechal de Vauban's excellent performance above cited, and in the states of his Prussian Majesty, or elsewhere, to have one made out, classing all the inhabitants, not only by the trades they exercise, but by those
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of their fathers, with a view to distinguish those classes which multiply, from those which only procreate. I should be glad also to see bills of mortality made out for every class, principally to compare the births and deaths of the children in them.

Let me take an example. Suppose then, that I have before me a general recapitulation of all the inhabitants of a country, parish by parish, where they may appear distributed under the respective denominations of their father's employment. I shall immediately find a considerable number produced from the higher classes, from those who live upon an income already provided, and upon branches of industry which produce an easy and ample subsistence. These have no occasion for the assistance of the state in bringing up their children, and you may encourage marriage, or permit celibacy in such classes, in proportion to the use you find for their offspring when they are brought up. When I come to the lower classes, I examine, for example, that of shoemakers, where I find a certain number produced. This number I first compare with the number of shoemakers actually existing, and then with the number of marriages subsisting among them, (for I suppose recapitulations of every kind) from which I discover the fertility of marriage, and the success of multiplication in that part. When the state of the question is examined, class by class, I can decide where marriage succeeds, and where it does not. I have said, that I imagine it an advantage that every class should support at least its own numbers; and when it does more, I should wish (were it possible) that the higher classes might be recruited from the lower, rather than the lower from the higher; the one seems a mark of prosperity, the other of decay: but I must confess that the first is by far the most difficult to be obtained.

According therefore to circumstances, and in consistence with these principles, I would encourage marriage by taking the children off the hands of their parents. Where marriage succeeds the worst, if it happens to be in a very low class, great encouragement should

should be given to it: perhaps the whole should be taken care of. Certain trades may be loaded with one child, others with two, and so progressively. But of this, more in another place. I beg it may not here be imagined that I propose, that the whole of the lower classes of people are to marry and propagate, and that the state is to feed all their offspring. My view extends no further, than to be assured of having such a number of children yearly taken care of as shall answer the multiplication proposed, and that these be proportionally raised from each class, and from each part of the country, and produced from marriages protected by the state, distinguished from the others, which under a free government must always be found exposed to the inconveniencies of want and misery. To guard against such evils ought to be another object of public care. Hospitals for foundlings are an admirable institution; and colonies are an outlet for superfluous inhabitants. But I insensibly enter into a detail which exceeds my plan. To lay down a scheme, you must suppose a particular state perfectly known. This lies beyond my reach, and therefore I shall go no further, but illustrate what I have said, by some observations and reflections which seem analogous to the subject.

I have not here proposed plans of multiplication inconsistent with the spirit of the nations with which I am a little acquainted; nor with the religion professed in Europe, for many reasons, obvious to any rational man. But principally, because, I believe, it will be found, that a sufficient abundance of children are born already; and that we have neither occasion for concubinage, nor polygamy, to increase their numbers. But we want a right method of taking care of those we have, in order to produce a multiplication proportioned to the possibility of our providing nourishment and employment. I have therefore proposed, that a statesman, well informed of the situation of his people, the state of every class, the number of marriages found in each, should say, let there be so many marriages authorised in every class, distributed in a certain proportion for every parish, city, borough, &c.

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in the country; let rules be laid down to direct a preference, in case of a competition, between different couples; and let the consequence of this approbation be, to relieve the parents of all children above a certain number, as has been said. I propose no new limitations upon marriage, because I am a friend to liberty, and because such limitations would shock the spirit of the times. I therefore would strongly recommend hospitals for foundlings over all the country; and still more strongly the frugal maintenance of children in such hospitals, and their being bred up early to fill and recruit the lowest classes of the people.

C H A P. XIII.

Continuation of the same Subject, with regard to the Necessity of having exact Lists of Births, Deaths, and Marriages, for every Class of Inhabitants in a modern Society.

MR. Derham has furnished some tables which shew the proportion between marriages and births in England, to be as 1 to 4; that of births to burials as $1 \frac{1}{10}$ to 1: from which it appears that multiplication there goes on, though slowly: a mark of youth and vigour. Dr. Davenant values the augmentation at 9000 a year. Could matters be kept at that standard, I should prefer it by far to a more rapid multiplication: it amounts to about a million in a century (without entering into accumulations or exact calculations) and the longer youth is preserved so much the better. A rapid multiplication will stop at some period, and that stop, which marks distress, must produce great inconveniencies.

These calculations extracted from very lame vouchers, shew how necessary it is to have authentic recapitulations: since, lame as they are, it is from these and the like, that Dr. Halley, and others, have calculated the value of annuities, which (at a time when all the states of Europe are borrowing money at the
expence

expenditure of every man's private industry or property) ought to be valued at their real worth. Now, in all these calculations of mortality, it appears that what we have called the abuse of marriage or procreation is included.

If it be true, as I think it is, from what I have seen and observed that numbers, especially of children, among the lower classes, perish from the effects of indigence: either directly by want of food, or by diseases contracted gradually from the want of convenient ease; and that others perish for want of care, when the slightest assistance of a surgeon to let them blood, would be sufficient to preserve them against the inflammatory distempers to which they are chiefly exposed.

If these things are so, must we not infer, that calculations formed upon a conclusion drawn from the births and deaths of mankind in general, cannot possibly be so exact as if the like were drawn from those of every class of inhabitants taken separately.

It may here be answered, that among the rich and easy, there are found diseases which sweep off numbers, in as great a proportion as other distempers do of the poor: that we see very large families brought up among the lowest classes, while a great man has all the pains in the world to preserve a young boy from the wreck of a number of children.

All this I agree may be true; but I should be glad to see in what proportion it is so, and to be certain of the fact. I want to know the diseases of the rich and of the poor; I want to have as particular details of the births and deaths of every class, as I can have of those of the cities of Paris, London, or Breslaw. I want to know from what parents those multitudes of poor which I find every where are sprung; and most of all to have such accounts from different countries, where different manners prevail. For no just conclusion can be drawn from the comparison of facts, without examining circumstances. The most barren class in one country, may be the most fruitful in another. As an example of this, let any one compare the

the state of marriage among the footmen of London and of Paris.

I find error concealed every where under general propositions. The children of the poor, says one, thrive better than those of the rich. If it be so, it ought not to be so in common reason. But the same person will tell you, I have made my son a merchant: he will be a rich man. Why? Because (A B) was a merchant, who, from nothing, died worth a hundred thousand pounds. But if you go through all the letters of the alphabet following (A B,) among those who set out as he did, you will find, that perhaps every one of them died a bankrupt. Those who prove successful are remarkable: those who miscarry are never heard of. It is just so with respect to the question before us. But to return to our tables, and what are called calculations.

One marriage produces four children at a medium in England. If you reckon 6,000,000 of people in that country, and that one thirtieth part dies annually, then to keep up the stock it is sufficient that 200,000 be annually born; add to this the yearly increase of 9000, the total of births will then be 209,000: for if 200,000 die this year, and if 209,000 be born, this must certainly imply an increase of 9000, providing we suppose the acquisition of foreigners to be equal to the exportation of the natives. As this is only meant as an illustration, I need not examine the matter of fact. The next question is how many marriages, properly contracted or encouraged as above, will give this increase? For we may know that these subsisting in that kingdom, joined with the effects of extramarital conjuncti^ons, is just sufficient to produce it. I imagine that nothing but experiment can give the solution of this question. Mr. King supposes every 104th person in England to marry yearly, that is 57,682 persons, or 28,841 couples. If this number of marriages be supposed to subsist with fertility for seven years, producing a child every year, the number of 200,000 births would be procured; but I apprehend that marriages, rightly contracted, subsist
much

much longer in general than seven years, even with fertility, though not in proportion to a child every year: consequently, the number of marriages constantly subsisting with fertility in England; where it is supposed that 28,841 are yearly contracted, must be much greater than seven times that number, or than 201,887. If we suppose the whole of the 209,000 births to be produced by marriages, at three marriages to every child annually produced, then the number of marriages subsisting will be 627,000. From these speculations (for I do not pretend to call them calculations) I conclude, that the more fruitful marriages are rendered (not with regard to procreation, merely, but multiplication, which I have above distinguished) the fewer become necessary; and the fewer unnecessary marriages are contracted, the better for the state, and the less misery for those who contract them. I shall here stop, and leave to the reader to draw his conclusions, putting him in mind of the wide difference that is always found between theory and practice.

From this reasoning I infer, that no exact judgment can be formed, as to the numbers in any society, from the single datum of the annual number of deaths among them; and although the just proportion between numbers and deaths may exactly be determined in one particular place, yet that proportion will not serve as a general standard, and being taken for granted may lead to error.

Here are the reasons for my opinion.

Were no-body to marry but such as could maintain their children, the bills of births and burials would, I apprehend, diminish, and yet numbers might remain as before; and were every body to marry who could procreate, they certainly would increase, but still numbers would never exceed the proportion of subsistence. Could we but see bills of births and deaths for the city of Rome, while in all its glory; or indeed for the sugar colonies in America, where slaves are imported, adding the number of those imported to that of births, and supposing the colony neither upon the growing nor

nor the declining hand, then the deaths and births would be equal; but the proportion of them to all in the colony, I apprehend, would be far less than in any state in Europe, where slavery does not prevail.

It may be alledged, that were all to marry, the consequence would be a great multiplication. I say not; or if it were, what sort of multiplication would it be? a multitude of children who never could come to manhood; or who would starve their parents, and increase misery beyond expression. All therefore that can be learned from bills of mortality, &c. is, that if the births exceed the deaths, and that all remain in the country, numbers will increase; that if the deaths exceed the births, numbers will diminish; but while they stand at par, no conclusion can be drawn as to numbers in general: these will be in a less proportion as abusive procreation goes forward; and, *vice versa*, they will be in a greater. There still hangs a cloud upon this subject: let me therefore reason upon an example. Suppose the inhabitants of a country to stand at 6,000,000, one-thirtieth to die every year, and as many to be born, that is the births and burials to stand at 200,000; that every three marriages subsisting produce a child every year, that is 600,000 marriages; let the quantity of food be supposed the same, without a possibility of being augmented. Would not the consequence be, that numbers could not increase? Now let me suppose marriages carried to 1,000,000, I say the effect would be, either that they would become in general less fruitful, or if they suffered no diminution in this particular, that the bills of births and deaths would rise to 333,333: that is to say, they would be to the number of inhabitants as 1 to 18, instead of being as 1 to 30. Now this increase of mortality proceeding from want of food, either the old would starve the young, or the young would starve the old; or a third case, more probable than either, would happen, the rich would starve the poor. What would be the consequences in all these three suppositions? In the first, the number of 6,000,000 would be found to diminish; because the proportion of large consumers would rise, and mortality

mortality would increase among the children. In the second the standard number would augment, because the proportion of small consumers would rise, and mortality would increase among the parents. In the third numbers would remain pretty much the same, but misery and distress would lay all the lower classes waste. It is computed that one half of mankind die before the age of puberty in countries where numbers do not augment; from this I conclude, that too many are born. If methods therefore are fallen upon to render certain diseases less mortal to children, all the good that will be got by it, in general, will be to render old people of the lower classes more wretched; for if the first are brought to live, the last must die.

From these speculations I cannot help wishing to see bills of mortality made out for different classes, as well as for different ages. Were this executed it would be an easy matter to perceive, whether the mortality among children proceeds from diseases to which infancy is necessarily exposed, or from abusive procreation. I am pretty much convinced before I see the experiment, that it proceeds from the latter; but should experience prove it, the principles I have laid down would acquire an additional force. In the mean time, I must conclude, that it is not for want of marrying that a people does not increase, but from the want of subsistence; and it is miserable and abusive procreation which starves one half of the whole, and is the fountain of so much wretchedness.

Upon the whole, I may say, that were it possible to get a view of the general state of births and burials in every class of the inhabitants of a country, marriage might surely be put upon a better footing than ever it has been, for providing a determined number of good and wholesome recruits every year towards national multiplication. This is walking in the light, and is a means of procuring whatever augmentation of hands you wish for. What difficulties may be found in the execution, nothing but experience can shew; and this, to a judicious eye, will point out the remedy. In my opinion, this will be far better than a general naturalization,

lization, which I take to be a leap in the dark. For however easy it may be to naturalize men, I believe nothing is so difficult as to naturalize customs and foreign habits; and the greatest blessing any nation can enjoy, is an uniformity of opinion upon every point which concerns public affairs and the administration of them. When God blesses a people, he makes them unanimous, and bestows upon them a governor who loves them, and who is beloved, honoured and respected by them; this, and this only, can create unanimity.

Let this suffice at present, as to the distribution, employment, and increase of a people. Upon the proper employment of the free hands, the prosperity of every state must depend: consequently the principal care of a statesman should be, to keep all employed, and for this purpose he must acquire an exact knowledge of the state of every denomination, in order to prevent any one from rising above, or sinking below that standard which is best proportioned to the demand made for their particular industry. As the bad consequences resulting from the loss of this exact balance are not immediate, a moderate attention, with the help of the proper recapitulations, will be sufficient to direct him.

This and the two preceding chapters have in a manner wholly treated of the employment of the free hands: I must now consider the effects of an overcharge of those employed in agriculture. Here we shall still discover inconveniencies, resulting from the want of that just proportion in the distribution of classes, which gives health and vigour to a state; and we shall see how it may happen, that even an overcharge of inhabitants in general may become a political disease; as an abundance of blood, however rich and good, may affect the health of the human body.

C H A P. XIV.

Of the Abuse of Agriculture and Population.

I HAVE taken notice above of two performances, wherein the authors, with equal ability, have treated of the numbers of mankind; a subject which has a very close connection with political oeconomy.

Although (as I have said) I do not pretend to decide between them as to the point in dispute, I find that in this chapter I shall be naturally led into a chain of reasoning very contrary to that of Mr. Wallace, which is a thing I should have dispensed with, did not the merit of his performance in the eyes of the learned world appear sufficient to draw my attention.

Agriculture is without all doubt the foundation of multiplication, which must ever be in proportion to it; that is, to the earth's productions, as has been said. But it does not follow, that in proportion to multiplication those produced must of course become useful to one another, and useful to the society in general. Now I consider multiplication as no otherwise useful to a state, than in so far as the additional number becomes so, to those who are already existing, whom I consider as the body-politic of the society. If it therefore happens, that an additional number produced do no more than feed themselves, then I perceive no advantage gained to the society by their production. If, without rendering any equivalent service, they are fed by others, there is a loss.

Agriculture may be said to be carried to its utmost extent, when the earth is so laboured as to produce the greatest quantity of fruits possible for the use of man; and in judging of the improvement of two spots of ground of the same extent, that may be said to be most improved which produces the greatest quantity of food: but as to population, the question does not stop there; for let the quantity be equal on both, yet
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if the inhabitants of the one be more frugal liverers than those of the other, this circumstance alone will make an inequality. If agriculture therefore be considered only with respect to population, we must consider that country as the best peopled, where productions are the most abundant, and where the inhabitants are the most sober. Thus much with regard to the extent of agriculture and population: we come now to consider the inconveniencies which may result to a society from an over-stretch, or from what I call an abuse of either the one or the other.

I call every thing an abuse in society which implies a contradiction to the spirit of it, or which draws along with it an inconveniency to certain classes, which is not compensated by the general welfare.

The political oeconomy of government is brought to perfection, when every class in general, and every individual in particular, is made to be aiding and assisting to the community, in proportion to the assistance he receives from it. This conveys my idea of a free and perfect society, which is, *a general tacit contract, from which reciprocal and proportional services result universally between all those who compose it.*

Whenever therefore any one is found, upon whom no-body depends, and who depends upon every one, as is the case with him who is willing to work for his bread, but who can find no employment, there is a breach of the contract, and an abuse. For the same reason, if we can suppose any person entirely taken up in feeding himself, depending upon no one, and having no-body depending on him, we lose the idea of society, because there are no reciprocal obligations between such a person and the other members of the society.

Those who are for employing the whole of a people in agriculture may answer, that all their time cannot be employed in this occupation, and that in the intervals they may apply themselves to supply reciprocal wants.

I very readily agree, that any person, who would calculate his labour in agriculture, purely for his

own subsistence, would find abundance of idle hours. But the question is, whether in good oeconomy such a person would not be better employed in providing *nourishment* for others, than in providing for any other want. When he provides food, he surely provides for a want; and experience shews, that it is better for a man to apply close to one trade, than to turn himself to several.

Hence I conclude, that the best way of binding a free society together, is by multiplying reciprocal obligations, and creating a general dependence between all its members. This cannot be better effected, than by appropriating a certain number of inhabitants, for the production of the quantity of food required for all, and by distributing the remainder into proper classes for supplying every other want. I say further, that this distribution is not only the most rational, but that mankind fall naturally into it; and misery attends and has ever attended those who have been found without a particular employment.

It must not be concluded from this reasoning, that abuse is always implied when we find any of the classes of the free hands of a state casually employed in agriculture.

There is such a variety of circumstances in every country, that without a peculiar talent of laying principles together, so as to answer every combination, the most perfect theory which can be proposed must appear defective.

In countries ill-improved, where industry begins to take root, we are not to conclude, that good policy requires a sudden and immediate separation between the dwellings of the husbandmen and free hands. Sudden revolutions are constantly hurtful, and a good statesman ought to lay down his plan of arriving at perfection by gradual steps.

If he finds, as is the case of rude and uncivilized societies, that many are occupied, partly in providing subsistence for their own family, partly, in other useful pursuits, he may by degrees detach as many as he

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can from every other branch of industry, except that of agriculture. The most wealthy are the most proper to carry this branch to any degree of perfection. The landed men ought to be encouraged by every means to apply to the study of farming. This employment has been considered as honourable in all ages of the world, and very well suits the rank, the interest, and the amusement of gentlemen.

The next step is to introduce manufactures into the country, and to provide a ready market abroad for every superfluous part of them. The allurements of gain will soon engage every one to pursue that branch of industry which succeeds best in his hands. By these means many will follow manufactures and abandon agriculture; others will prosecute their manufactures in the country, and avail themselves at the same time, of small portions of land, proper for gardens, grass for cows, and even for producing certain kinds of fruit necessary for their own maintenance.

This I do not consider as a species of farming. It is more properly, in a political light, a sort of village life, only the village here appears dispersed over a large extent; and I call it a village life, because here the occupation of the inhabitants is principally directed towards the prosecution of their trades: agriculture is but a subaltern consideration, and will be carried on so far only, as it occasions no great avocation from the main object. It will however have the effect to parcel out the lands into small possessions: a system admirably calculated for the improvement of the soil, and advantageous to population, when the spirit of industry is not thereby checked. This is not the case when such possessors apply totally to agriculture, and content themselves with a bare subsistence from it, without prosecuting any other branch of industry, or forming any plan of ambition for themselves, or for their children's emerging from so circumscribed a sphere of life: from this alone proceeds, in most countries, the inconvenience of a minute subdivision of land property.

We shall presently see, by various examples, the truth of this proposition; and from what observations I have been able to make, it appears, that a great inconvenience flows from it; the *property* of the lands, and not the *bare possession* of them, is vested in the lower classes. While they only remain as tenants, the interest of the proprietor, on one hand, will lead him to incorporate these small possessions into larger farms, the moment the possessors, by relaxing from their principal occupation, (industry) are no longer able to pay a rent above the value of the grounds when let in farms; and the interest of these tenants, on the other hand, will frequently lead them to abandon such small possessions, when the prosecution of their industry demands a change of habitation. Thus the interest of agriculture will go hand in hand with that of industry, and classes will separate their habitations, according as their respective interests require.

It is certainly the interest of every landlord, whose land is ill improved, to multiply habitations upon it, providing he makes choice of such people as can live by some other branch of industry than bare agriculture: and, in many cases, it may be his advantage to incorporate his lands into farms as soon as they are fully cultivated. By this plan he will advance the improvement of his land: he will multiply the useful inhabitants; and he will at the same time share the profits of their industry beyond the value of the land rent.

By these means has the woollen manufacture in England, and the linen in Ireland and Scotland been greatly augmented. But as the improvement of land goes on, this oeconomy will decline: towns will swell in consequence of the principles we are now going to deduce, the lands will become more thinly inhabited; and farms will by degrees grow more extensive. I appeal to experience for the justness of this opinion.

Hence it plainly appears, that, in every light this matter can be represented, we still find it impossible to employ usefully above a certain part of a people in agriculture. The next question is, how to determine the

the just proportion. For this purpose we must have recourse to facts, not to theory. We have, in a former chapter, examined the state of this question with regard to one country. I shall here only add, that, in proportion to the culture of the soil, and to the number of crops it is made to produce, a greater or less number will be required; and in proportion to the surplus of food above what is necessary to maintain the labourers, will a number of free hands be provided for. If therefore a species of agriculture can be found established, which produces little or no surplus, *there* little or no industry can be exercised; few wants can be supplied: this will produce a wonderful simplicity of manners, will ruin the system of modern policy, and produce what I must call an abuse. Let me look for some examples, in order to set this question in a clearer light.

In the wine-provinces of France, we find the lands which lie round the villages divided into very small lots, and there cultivation is carried to a very extraordinary height. These belong *in property* to the peasants, who cultivate the vines. No frugality can be greater than in the consumption of this produce, and the smallest weed which comes up among the grain, is turned to account for the food of animals. The produce of such lands, I may say, is intirely consumed by the proprietor and his family, who are all employed in the cultivation, and there is no superfluous quantity here produced for the maintenance of others. Does not this resemble the distribution of lands made by the Romans in favour of 5000 Sabine families, where each received two *plethra* of ground. [See Numbers of Mankind, p 117.] Now let me examine the political state of agriculture, and of other labour performed by my French vine-dresser.

By the supposition we imply that the bit of land is sufficient for maintaining the man and his family, and nothing more; he has no grain to sell, no food can by him be supplied to any other person whatever; but the state of other lands capable of yielding a surplus, such as the vineyard, produces a demand for his labour.

This labour considered with respect to the vine-dresser, is a fund for providing all his wants in manufactures, salt, &c. and what is over must be considered as his profits, out of which he pays the royal impositions. The same labour, considered with regard to the proprietor of the vineyard, enters into that necessary deduction out of the fruits, which, when deducted, leaves the remainder, which we call surplus, or what answers to the land rent. This belongs to the proprietor, and becomes a fund for supplying all his wants.

Here we have an idea of society. The vine-dresser depends upon the proprietor for the price of his labour; the proprietor upon the vine-dresser for his surplus. But did we suppose all the kingdom parcelled out, and laboured, as the spot which lies round the village, what would become of the vine-dresser with regard to all his other wants; there would be no vines to dress, no surplus nourishment any where found, consequently no employment, not even life, for those who had no land. From this example we discover the difference between agriculture exercised *as a trade* and *as a direct means of subsisting*, a distinction to be attended to, as it will very frequently occur in the prosecution of our subject. We have the two species in the vine-dresser: he labours the vineyard as a trade, and his spot of ground for subsistence. We may further conclude, that, as to the last part, he is only useful to himself; but, as to the first, he is useful to the society, and becomes a member of it; consequently, were it not for his trade, the state would lose nothing, though the vine-dresser and his land were both swallowed up by an earthquake. The food and the consumers would both disappear together, without the least political harm to any body: consequently, such a species of agriculture is no benefit to a state; and consequently, neither is that species of multiplication, implied by such a distribution of property, any benefit. Thus an over-extension of agriculture and division of lands becomes an abuse, and so, consequently, does an over-multiplication.

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Here I am obliged to conclude, that those passages of Roman authors which mention the frugality of that people, and the small extent of their possessions cannot be rightly understood, without the knowledge of many circumstances relative to the manners of those times. For if you understand such a distribution of lands to have extended over all the Roman territory, the number of the citizens would have far exceeded what they appear to have been by the Census, and even surpass all belief. But further, I may be allowed to ask, whether or no it be supposed that these frugal Romans laboured this small portion of lands with their own hands and consumed the produce of it? If I am answered in the affirmative, (which is necessary to prove the advantages of agriculture's being exercised by all the classes of a people) then I ask, from whence were the inhabitants of Rome, and other cities, subsisted? Who fed the armies when in the field? If these were fed by foreign grain imported, or plundered from their neighbours, where was the advantage of this subdivision of lands, and of this extensive agriculture, which could not feed the inhabitants of the state? If it be said, that notwithstanding this frugal distribution of property among the citizens, there was still found surplus enough to supply both Rome and the armies, will it not then follow, that there was no necessity for employing all the people in agriculture, since the labour of a part might have sufficed?

That number of husbandmen, therefore, is the best, which can provide food for all the state; and that number of inhabitants is the best, which is compatible with the full employment of every one of them.

Idle mouths are only useful to themselves, not to the state; consequently, are not an object of the care of the state, any further than to provide employment for them; and their welfare (while they remain useless to others) is, in a free country, purely a matter of private concern. Let me take another example for the further illustration of this matter.

Those who travel into the southern provinces of Spain find large tracts of land quite uncultivated, producing

producing only a scanty pasture for herds of the lesser cattle. Here and there are found interspersed some spots of watered lands, which, from the profusion of every gift which nature can bestow, strike a northern traveller with an idea of paradise. In such places villages are found, and numbers of inhabitants. It must be allowed that industry and labour do not here go forward as in other countries; but to supply this want charity steps in. Charity in Spain (in proportion to its extent) is as powerful a principle towards multiplication as industry and labour. *Whatever gives food gives numbers*: but charity cannot extend beyond superfluity, and this must ever be in proportion to industry. These watered lands are well laboured and improved. The value of them in one sense, is in proportion to their fertility, and the surplus of the labourers should naturally be given for an equivalent in money or work: but this equivalent cannot be found, because the consumers have neither the one nor the other. If the Spaniards, therefore, were not the most charitable people upon earth, it is very plain that the labouring of these watered lands would diminish, until it came upon a level with the wealth and industry of the consumers. But here it is otherwise: labour goes on mechanically, and without combination of circumstances, and the poor live in ease, in proportion to the plenty of the year.

Here then is a third principle of multiplication. The first is slavery, or a violent method of making mankind labour; the second is industry, which is a rational excitement to it; the third is charity, which resembles the manna in the desert, the gift of God upon a very extraordinary occasion, and when nothing else could have preserved the lives of his people. Whether, in all cases, this principle of christianity advances the prosperity of a modern society (when complied with from obedience to precept, without consulting reason as to the circumstances of times and situations) is a question which lies out of my road to examine. The action, considered in the intention of the agent, must in every case appear highly beautiful, and

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we plainly see how far it contributes to multiplication, though we do not so plainly perceive how this again is advantageous to society.

Now if we examine the state of agriculture in the territory of this Spanish village, we find, upon the whole, no more surplus of fruits than upon the French vine-dresser's portion of land; consequently, if all Spain was laboured and inhabited like this village and its small garden, as it is called, it would be the most populous country in the world, the most simple in the manner of living; but it never could communicate the idea of a vigorous or a flourishing state. It is the employment alone of the inhabitants which can impress that character.

Now in this last example, what a number of free hands do we find: are not all the poor of this class? Would it not be better if all these by their labour could purchase their subsistence, than be obliged to receive it in the precarious manner they do? Can one suppose all these people industrious, without implying what I call superfluity of labour? Is not this luxury, according to my definition of it? Where would be the harm if the Spanish farmer, who gives a third of his crop in charity, should in return receive some changes of raiment, some convenient furniture for his house, some embellishment to his habitation; these things would cost him nothing; he would receive them in exchange for what he now gives from a principle of charity, and those who have a precarious, would have a certain livelihood. Let us travel a little further in search of the abuse of population.

In Germany, we find many small towns, formed into corporations, which enjoy certain privileges. The freedom of such towns is not easily purchased; and one, upon considering outward circumstances, must be not a little surprized to hear of the sums refused, when offered, to obtain it. Round these towns there is a small territory divided into very small portions, and not able to maintain the inhabitants: these lands therefore are infinitely overstocked with husbandmen; for every proprietor, less or more, concerns

cerns himself with the cultivation. Here, one who would aspire to extend his possession would, according to the sentiment of Manius Curius Dentatus, certainly be considered as a dangerous citizen, and a hurtful member of the society. Those lots are divided among the children of the proprietors, who are free of the town, by which means they are constantly splitting by multiplication, and consolidating by death, and by marriage: these nearly balance one another, and property remains divided as before. A stranger is at a loss to find out the reason why the liberty of so poor a little town should be so valuable. Here it is: first there are certain advantages enjoyed in common, such as the privilege of pasture on the town lands, and others of a like nature; but I find the charges which the burgesses are obliged to pay, may more than compensate them. The principal reason appears to be, that no one who has not the liberty of the town can settle in a way of industry so as to marry and have a family: because without this his labour can only be directed towards furnishing the wants of peasants who live in villages; these are few, and little ingenuity is required for it. In towns there is found a greater diversity of wants, and the people there have found out mechanically, that if strangers were allowed to step in and supply them, their own children would starve; therefore the heads of the corporation, who have an interest to keep up the price of work, have also an interest to hold the liberty of their town at a high value. This appears to me a pretty just representation of the present state of some towns I have seen, relative to the present object of inquiry.

But as industry becomes extended, and trade and manufactures are established, this political oeconomy must disappear.

Such a change, however, will not probably happen without the interposition of the sovereign, and a new plan of administration; what else can give a turn to this spirit of idleness, or rather, as I may call it, of this trifling industry? Agriculture can never be a proper occupation for those who live in towns: this therefore is an abuse of it, or rather indeed an abuse of employment.

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Ease and plenty can never enter a little town, but by the means of wealth; wealth can never come in but by the produce of labour going out; and when people labour purely for their own subsistence, they only make the little money they have circulate, but can acquire nothing new; and those who with difficulty can maintain themselves, can never hope to increase their numbers.

If in spite of the little industry set on foot in such towns, the generative faculty shall work its effect and increase numbers, this will make the poor parents still divide, and misery will ensue; this again may excite compassion, and that will open the chests of those who have a charitable disposition; hospitals are founded for the relief of the poor, they are quickly filled, and as many necessitous remain as ever. The reason is plain; the hospital applies a palliative for the abuse, but offers no cure. A tree is no sooner discharged of its branches than it pushes new ones. It has been said, that numbers are in proportion to food; consequently, poor are in proportion to charity. Let the King give his revenue in charity, he will soon find poor enough to consume it. Let a rich man spend 100,000*l.* a year upon a table, he will find guests (the best in the kingdom) for every cover. These things, in my way of considering them, are all analogous, and flow from the same principle. And the misery found in these little German towns, is another modification of the abuse of population. These examples shew the inconveniencies and abuses which result from a misapplication of inhabitants to agriculture, which produces a population more burthensome than beneficial to a modern state.

If the simplicity of the antients is worthy of imitation, or if it appears preferable to the present system, which it is not my business to decide, then either slavery must be introduced to make those subsist who do not labour, or they must be fed upon charity. Labour and industry can never, I think, be recommended on one hand, and the effects of them proscribed on the other. If a great body of warlike men (as was
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the case in Sparta) be considered as essential to the well being of the state; if all trade and all superfluity be forbid amongst them, and no employment but military exercises allowed; if all these warriors be fed at public tables, must you not either have a set of helotes to plow the ground for them, or a parcel of charitable Spanish farmers to feed them gratis.

Thus much I have thought might be of use to say to illustrate the principles I have laid down. I find these very contrary to the reasoning which runs through the whole of the performance which I mentioned above, and which I have had in my eye. A more particular examination of it might be useful, and even amusing; but it would engage me in too long a disquisition for the nature of this work. I cannot however help, in this place, adding one observation more, in consequence of our principles, which *seems* contrary to the strain of our ingenious author's reasoning. I say *seems*, because almost all difference of opinion upon such subjects proceeds from the defect of language in transmitting our ideas when complex or abstract.

The effect of diseases which sweep off numbers of people does not essentially diminish population, except when they come suddenly or irregularly, any more than it would necessarily dispeople the world if all mankind were to be swept off the stage at the age of forty six years. I apprehend that in man, as in every other animal, the generative faculty is more than able to repair all losses occasioned by regular diseases; and I have shewn, I think, more than once, that multiplication never can stop but for want of food. As long then as the labour of man can continue annually to produce the same quantity of food as at present, and that motives are found to make him labour, the same numbers may be fed, and the generative faculty, which from one pair has produced so many millions, would certainly do more than keep up the stock, although no person were to pass the age above-mentioned. Here is the proof: was the life of man confined to forty six years, the state of mortality would be increased in the proportion which those who die above
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forty fix bear to those who die under this age. This proportion is, I believe, as 1 to 10, consequently, mortality would increase one tenth, consequently, numbers would be kept up by one tenth increase upon births; and surely the generative faculty of man far exceeds this proportion, when the other requisites for propagation, to wit, food, &c, are to be found, as by the supposition.

C H A P. XV.

Application of the above Principles to the State of Population in Great-Britain.

A LETTER from Dr. Brakenridge, F. R. S. addressed to George Lewis Scott, Esq; which I found in the Danish Mercury for March 1758, furnishes me with a very good opportunity of applying the principles we have been laying down to the state of population in Great-Britain. I shall therefore, according to my plan, pass in review that gentleman's opinion, without entering upon any refutation of it. I shall extract the propositions he lays down, examine the conclusions he draws from them, and then shew wherein they differ from those which result from the theory established in this inquiry.

The author's calculations and suppositions as to matters of fact shall be taken for granted, as I believe the first are as good as any that can be made, upon a subject where all the data required for solving the problem are quite a piece of guess-work.

I must follow the Mercury, not having the original.

PROP. I. After a very close examination, says our author, I find, that our islands gain, as to population, absolutely no more than what is requisite for repairing their losses, and that, in England itself numbers would diminish, were they not recruited from Ireland and Scotland.

PROP. II. Men, able to carry arms, that is from 18 to 56 years, make according to Dr. Halley, the fourth

fourth part of a people; and when a people increase in numbers, every denomination, as to age increases in that proportion: consequently in England, where the number of inhabitants does not exceed six millions, if the annual augmentation upon the whole do not exceed 18,000, as I am pretty sure it does not, the yearly augmentation of those fit to carry arms will be only 4,500.

PROP. III. In England, burials are to births, as 100 is to 113. I suppose that, in Scotland and Ireland, they may be as 100 is to 124. And as there may be, in these two last kingdoms, about two millions and a half of inhabitants, the whole augmentation may be stated at 15,000; and consequently that, of such as are fit to carry arms, at 3,750. Add this number to those annually produced in England, and the sum total of the whole augmentation in the British isles will be about 8,250.

PROP. IV. The strangers, who arrive in England, in order to settle, are supposed to compensate those who leave the country with the same intent.

PROP. V. It is out of this number of 8,250, that all our losses are to be deduced. If the colonies, wars, and navigation, carry off from us annually 8,000 men, the British isles cannot augment in people: if we lose more, numbers must diminish.

PROP. VI. By calculations, such as they are, our author finds, that upon an average of 66 years, from 1690 to 1756, this number of 8000 have been annually lost, that is, have died abroad in the colonies, in war, or on the account of navigation.

PROP. VII. That, since the inhabitants of Britain and Ireland are about 8,000,000, and that the augmentation is annually about 8000, we may conclude in general for all Europe, that, for every million of inhabitants, there is an annual augmentation of 1000; consequently, every thousand men slain in war must destroy all the augmentation of a million of inhabitants during a year. Consequently France, which contains 14 millions, according to Sir William Petty, having

ing lost above 14,000 men a-year, during the same 66 years, cannot have augmented in population.

PROP. VIII. That the progress of trade and navigation augmenting the loss of people by sea, must consequently have diminished population over all Europe.

PROP. IX. The exportation of our corn proves what the above propositions have demonstrated. For supposing the progress of agriculture to compensate the additional quantity distilled of late years, there is still one sixth of the crop exported, which proves that our numbers are small, and that they do not augment.

From these propositions our author concludes, that what stops multiplication in the British isles is, 1st, That living in celibacy is become a-la-mode: 2^{dly}, That wars have been carried on beyond the nation's force: 3^{dly}, That the use of spirituous liquors destroys great numbers of inhabitants.

I shall now shortly apply the principles I have been laying down, in order to resolve every phenomenon here described, as to the population of Great Britain. These I shall willingly take for granted, as it is of no consequence to my reasoning, whether they be exact or not: it is enough that they may be so; and the question here is only to account for them.

England, says he, would diminish in numbers, were it not recruited from Scotland and Ireland. This, I say, is a contingent, not a certain consequence: for did those grown-up adventurers cease to come in, the inhabitants of England themselves would undoubtedly multiply, provided an additional number of breeders could be found, able to bring up their children. Now the importation of grown men into a country in so far resembles the importation of slaves into our colonies, that the one and the other diminishes the price of labour, and thereby prevents marriage among certain classes of the natives, whose profits are not sufficient for bringing up a family: and when any such do marry notwithstanding, they do not multiply, as has been said. Now were the Scots and Irish to come no more into England, the price of labour would rise; those who now cannot bring up children, might then be

enabled to do it, and this would make the English multiply themselves; that is, it would augment the number of their own breeders. On the other hand, did the price of labour continue too low to prove a sufficient encouragement for an additional number of English breeders, the contingent consequence would take place; that is, numbers would diminish, according to our author's supposition, and the exportation of grain would increase, in proportion to that diminution; and did foreign demand for grain also diminish, then agriculture would suffer, and every thing would decline; but of this more as we go along.

The representation he gives of the state of population in these countries, is one modification of what I have called a moral incapacity of people's increasing in numbers. It is just so in Africa, where the inhabitants are sold; just so in Switzerland, and in many mountainous countries, where inhabitants desert, in order to seek their fortunes elsewhere. The national stock remains at an equal standard, and the augmentation upon births above burials is constantly in proportion to the exportation of inhabitants. Let this proportion rise ever so high, an increase of national population is no-ways essentially to be implied from this phenomenon alone, but must proceed from other causes.

I can find nothing advanced by our author to prove, or even to induce one to believe, that had the lives of those eight thousands been yearly preserved from extraordinary dangers, numbers would have augmented. England enjoyed in a manner 26 years peace after the treaty of Utrecht. For many years before, a very destructive war had been carried on. Had the bills of births been produced from 1701 to 1713, had they been compared with those from this last period to 1739, when the Spanish war began, had we seen a gradual augmentation from year to year during those last 26 years, such as might be expected from the preservation of a considerable number at least of the 8,250 able healthy men, just in the period of life fit for propagation, one might be tempted to conclude, that the preceding war had done hurt to population,
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by interrupting the propagation of the species. But if, by comparing the bills of births for a considerable number of years, in war and in peace, one can discover no sensible difference, it is very natural to conclude, either that those wars did not destroy many breeders, or that others must have slipt in directly, and bred in the place of those who had been killed. What otherwise can be the reason why the number which our author supposes to have been destroyed abroad, should so exactly compensate the annual augmentation, but only that those nations are stocked to the full proportion of their subsistence: and what is the reason why, after a destructive war, which, by the suddenness of the revolution, sweeps off numbers of the grown men, and diminishes the original stock, numbers should in a few years get up to the former standard, and then stop a-new.

From our author's representation of the bills of births and deaths, I should be apt to suspect, in consequence of my principles, that upon a proper examination it would be found, that, in those years of war, the proportion of births to deaths had been higher than in years of peace, because more had died abroad. And, had the slaughter of the inhabitants gone gradually on, increasing every year beyond the 8,250, I am of opinion, that the proportion of births might very possibly have kept pace with it. On the contrary, during the years of peace, the proportion should have diminished, and had nobody died out of the country at all, the births and deaths would have become exactly equal.

From what I have here said, the reader may perceive, that it is not without reason that I have treated the principles relating to my subject in general, and that I avoid as much as possible to reason from facts alledged as to the state of particular countries. Those our author builds upon may be true, and may be false: the proportion of births and deaths in one place is no rule for another: we know nothing exactly about the state of this question in the British isles; and it may even daily vary, from a thou-

land circumstances. War *may* destroy population as well as agriculture, and it *may not*, according to circumstances. When the calamity falls upon the breeders, and when these are supposed the only people in the country in a capacity of bringing up their children, births will soon diminish. When it destroys the indigent, who cannot bring up their children, or who do not marry, births will remain the same. The killing the wethers of a flock of sheep does not diminish the brood of lambs next year; the killing of old pigeons makes a pigeon house thrive. When the calamity falls upon the farmers, who make our lands produce, agriculture is hurt, no doubt: does it fall upon the superfluities of cities, and other classes of the free hands, it may diminish manufacturers, but agriculture will go on, while there is a demand for its produce; and if a diminution of consumption at home be a consequence of the war, the augmentation upon exportation will more than compensate it. I do not find that war *diminishes* the demand for subsistence.

The long wars in Flanders in the beginning of this century interrupted agriculture now and then, but did not destroy it. That in the Palatinate in the end of the last ruined the country so, that it has hardly as yet recovered it. War has different effects, according to circumstances.

OBJ. The population of the British isles is not stopt for want of food, because one-sixth part of the crop is annually exported. I answer, That it is still stopt for want of food, for the exportation only marks that the home demand is satisfied; but this does not prove that the inhabitants are full fed, although they can buy no more at the exportation-price. Those who cannot buy, are exactly those who I say die for want of subsistence: could they buy, they would live and multiply, and no grain perhaps would be exported. This is a plain consequence of my reasoning; and my principal point in view throughout this whole book, is to find out a method for enabling those to buy who at present cannot, and who therefore do not multiply; because they can give no equivalent to the farmers for their

their superfluity, which consequently they export. By this application of our principles, I have no occasion to call in question our author's facts. It is no matter what be the state of the case: if the principles I lay down be just, they must resolve every phenomenon.

C H A P. XVI.

Why are some Countries found very populous in respect of others equally well calculated for Improvement?

THIS question comes immediately under the influence of the principles already laid down, and must be resolved in consequence of them. It is with a view to make the application of these, that I have proposed it; and, in the examination, we shall prove their justness, or discover their defects.

It may be answered in general, that every such difference must proceed from what I call the spirit of the government and of the people, which will not only decide as to numbers, but as to many other things. I must however observe, that the question in itself is of little importance, if nothing but numbers be considered; for of what consequence is it to know how many people are in a country, when the employment of them does not enter into the inquiry? Besides, it is only by examining the employment of a people, that I can form any judgment as to this particular. But as the numbers of mankind have been thought a point worthy of examination, I have chosen this title for a chapter, which might perhaps have more properly stood under another.

While slavery prevailed, I see no reason to conclude against the numbers of mankind, as I have said already: when slavery was abolished, and before industry took place, if my principles be true, that period I think should mark the time of the thinnest population in Europe; for I believe it will be found, that there never was an example of a country, however fertile by nature, where every one was absolutely free; where there

was little or no industry, nor labour, but in agriculture; and where, at the same time, there were many inhabitants, not beggars, nor living upon charity. I have mentioned this so often, that I am afraid of tiring my reader with useless repetitions. I have brought it in here, only to give him an opportunity of applying this principle to the solution of the question before us.

I shall begin my inquiry by asking what is understood by a country's being populous; for that term presents different ideas, if circumstances are not attended to. I have heard it said, that France was a desert, and that there was no-body found in it but in towns; while in England one cannot travel half a mile without finding a farm, perhaps two together; and in looking round, one sees the whole country divided into small possessions. The difference here found, I apprehend, decides nothing in favour of, or against the real populousness of the one or the other, but proceeds entirely from circumstances relative to agriculture, and to the distribution of free hands. These circumstances will be better understood from the examination of facts, than from the best theory in the world. Let one consider the state of agriculture in Picardy and in Beauce, and then compare it with the practice in many provinces in England, and the contrast will appear striking. Were there more forest in England, to supply the inhabitants with fuel, I imagine many inclosures, useful at first for improving the grounds, would be taken away, and the country laid more open; were wolves less common in France, there would be found more scattered farms. Cattle there must be shut up in the night, and cannot be left in the fields; this is a great discouragement to inclosing. Where there are no inclosures, there are few advantages to be found from establishing the farm-house exactly upon the spot of ground to be laboured; and then the advantages which result to certain classes of inhabitants, from being gathered together, the farmers with the tradesmen, are found to preponderate. Thus the French farmers are gathered into villages,
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and the English remain upon their fields. But further, in Picardy and Beauce agriculture has been long established, and, I imagine, that, at the time when lands were first broken up, or rather improved, their habitations must have been closer together.

This drawing together of inhabitants must leave many ruinous possessions, and this, by the by, is one reason why people cry out upon the desolation of France, because ruinous houses (which may often times be a mark of improvement, not of desertion) are found in different places in the country. Paris has grown considerably in bulk, and from this it naturally happens, that the country round is purged of idle mouths. If this makes labour dear in the country; it is the city alone which suffers by it, the country must certainly be the gainers. So much for two species of population in two of the best inhabited countries of Europe. I now come to another in one of the worst.

In some countries you find every farm-house surrounded with small huts, possessed by numbers of people, supposed to be useful to the farmer. These in Scotland are called cottars, (cottagers) because they live in cottages. If you consider them in a political light, they will appear to be inhabitants appropriated for agriculture. In one sense they are so, if by that you understand the gathering in of the fruits; in another they are not, if by agriculture you understand the turning up the surface. I bring in this example, and shall enlarge a little upon it, because I imagine it to be, less or more, the picture of Europe 400 years ago.

The Scotch farmer must have hands to gather in a scanty produce, spread over a large extent of ground. He has six cottars, I shall suppose; but these cottars must have wives, and these wives will have children, and all must be fed before the master's rent can be paid. It never comes into the cottar's head to suppose that his children can gain money by their labour; the farmer never supposes that it is possible for him to pay his rent without the assistance of his cottars to tend his

cattle, and gather in his crop; and the master cannot go against the custom of the country, without laying his land waste. All these children are ready at the farmer's disposal; he can without any expence, send what parcels of sheep he pleases, to different distances of half a mile or more, to feed upon spots of ground which, without the conveniency of these children, would be entirely lost. By this plan of farming, landlords who have a great extent of country which they are not able to improve, can let the whole in a very few farms, and at the same time all the spontaneous produce of the earth is gathered in and consumed. If you compare the rent of these lands with the extent, it appears very small; if you compare it with the numbers fed upon the farm, you will find that an estate in the highlands maintains, perhaps, ten times as many people as another of the same value in a good and fertile province. Thus it is in some estates, as in some convents of the begging order, the more mouths the better cheer.

I shall now suppose our modern policy to inspire an ingenious or public spirited lady to set up a weaver or two at a farm-house. The cottars begin to spin; they will be a long time in attaining to a dexterity sufficient to appear at the weaver's house, in competition with others who are accustomed to the trade; consequently this manufacture will be long in a languishing condition; but if the undertaking is supported with patience, these obstacles will be got the better of. Those who tended herds of cattle for a poor maintenance, will turn themselves to a more profitable occupation; the farmer will find more difficulty in getting hands, he will complain, perhaps give way; the master will lose a year's rent, and nobody will take so extensive a farm; it must be divided, then it must be improved, and then it produces more grain upon one tenth, than perhaps formerly was produced upon the whole. This grain is bought with the price of spinning; the parents divide with the children, who are fed, and spin in their turn. When this is accomplished, what is the revolution? Why, formerly the earth
fed

fed all the inhabitants with her spontaneous productions, as I may call them; now more labour is exercised upon turning up her surface, this she pays in grain, which belongs to the strong man for his labour and toil; women and children have no direct share, because they have not contributed thereto, as they did in feeding cattle. But they spin, and have money to buy what they have not force to produce; consequently they live; but as they become useless as cottars, they remove from their mother earth, and gather into villages. When this change is effected the lands appear less inhabited; ruinous huts (nay villages I may call them) are found frequently, and many would be apt to conclude, that the country is depopulated; but this is by no means found to be the case when the whole is taken together.

The spirit therefore of the principal people of a country determines the employment of the lower classes; the employment of these determines their usefulness to the state, and their usefulness, their multiplication. The more they are useful, the more they gain, according to the definition of the contract of society; the more they gain, the more they can feed; and consequently the more they will marry and divide with their children. This increases useful population, and encourages agriculture. Compare the former with the present situation, as to numbers, as to ease, as to happiness!

Is it not plain, that when the earth is not improved it cannot produce so much nourishment for man as when it is? On the other hand, if industry does not draw into the hands of the indigent, wherewith to purchase this additional nourishment, nobody will be at a considerable first expence to break up grounds in order to produce it. The withdrawing therefore a number of hands from a trifling agriculture forces, in a manner, the husbandman to work the harder; and by hard labour upon a small spot, the same effect is produced as with slight labour upon a great extent.

I have said, that I imagined the state of agriculture in the Scotch farm, was a pretty just representation of
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the general state of Europe about 400 years ago : if not in every province of every country, at least in every country, for the most part. Several reasons induce me to think so; first, where there is no industry, nothing but the earth directly can feed her children, little alienation of her fruits can take place. Next, because I find a wonderful analogy between the way of living in some provinces of different countries with what I have been describing. Pipers, blue bonnets, and oat-meal, are known in Swabia, Auvergne, Limousin, and Catalonia, as well as in Lochaber: numbers of idle, poor, useless hands, multitudes of children, whom I have found to be fed, nobody knows how, doing nothing at the age of fourteen, keeping of cattle and going to school, the only occupations supposed possible for them. If you ask why they are not employed, they tell you because commerce is not in the country: they talk of commerce as if it was a man, who comes to reside in some countries in order to feed the inhabitants. The truth is, it is not the fault of these poor people, but of those whose business it is to find out employment for them.

Another reason I derive from the nature of the old tenures, where we find lands which now produce large quantities of grain, granted for a mere trifle, when at the same time others in the neighbourhood of cities and abbies are found charged with considerable prestations. This I attribute to the bad cultivation of lands at that time, from which I infer, a small population. In those days of trouble and confusion, confiscations were very frequent, large tracts of lands were granted to the great lords upon different revolutions, and these finding them often deserted, as is mentioned in history, (the vassals of the former, being either destroyed or driven out to make place for the new comers) used to parcel them out for small returns in every thing but personal service. Such sudden and violent revolutions must dispeople a country; and nothing but tranquillity, security, order and industry, for ages together, can render it populous.

Besides

Besides these natural causes of population and depopulation (which proceed, as we have observed, from a certain turn given to the spirit of a people) there are others which operate with irresistible force, by sudden and violent revolutions. The King of Prussia, for example, attempted to people a country all at once, by profiting of the desertion of the Saltzburgers. America is become very poorly peopled in some spots upon the coast, and in some islands, at the expence of the exportation of millions from Europe and from Africa; such methods never can succeed in proportion to the attempt. Spain, on the other hand, was depopulated by the expulsion of its anti-christian inhabitants. These causes work evident effects, which there is little occasion to explain, although the more remote consequences of them may deserve observation. I shall, in another place, have occasion to examine the manner of our peopling America. In this place, I shall make a few observations upon the depopulation of Spain, and finish my chapter.

That country is said to have been antiently very populous under the government of the Moors. I am not sufficiently versed in the politics, oeconomy and manners of that people, to judge how far these might be favourable to population: what seems, however, to confirm what we are told, is, the large repositories they used for preserving grain, which still remain entire, though never once made use of. They watered the kingdoms of Valencia, Murcia and Granada. They gathered themselves into cities of which we still can discover the extent. The country which they now possess (though drier than Spain) furnishes Europe with considerable quantities of grain. The palace of the Moorish King at Granada, shews a taste for luxury. The mosque of Cordova speaks a larger capital. All these are symptoms of population, but they only help one to guess. The numbers which history mentions to have been driven out, is a better way still of judging, if the fidelity of historians could be depended upon, when there is any question about numbers.

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Here was an example of a country depopulated in a very extraordinary manner : yet I am of opinion, that the scarcity of inhabitants complained of in that country, for a long time after the expulsion, did not so much proceed from the effects of the loss sustained, as from the contrast between the spirit of those christians who remained after the expulsion, and their catholic deliverers. The Christians who lived among the Moors, were really Moors as to manners, though not as to religion. Had they adopted the spirit of the subjects of Castile; or had they been governed according to their own, numbers would soon have risen to the former standard. But as the Christian lord governed his Murcian, Andalousian, and Granada subjects, according to the principles of christian policy, was it any wonder that in such an age of ignorance, prejudice, and superstition, the country (one of the finest in the world) should be long in recovering? Recover, however, it did; and sooner perhaps than is commonly believed : for I say it was recovered so soon as all the flat and watered lands were brought into cultivation; because I have reason to believe that the Moors never carried their agriculture further in these southern provinces.

From this I still conclude, that no destruction of inhabitants by expulsion, captivity, war, pestilence or famine, is so permanently hurtful to population, as a revolution in that spirit which is necessary for the increase and support of numbers. Let that spirit be kept up, and let mankind be well governed, numbers will quickly increase to their former standard, after the greatest reduction possible : and while they are upon the augmenting hand, the state will be found in more heart and more vigour, than when arrived even at the former height; for so soon as a state ceases to grow in prosperity, I apprehend it begins to decay both in health and vigour.

C H A P. XVII.

*In what Manner and according to what Proportion do
Plenty and Scarcity affect a People?*

IN a former chapter I have examined this question, relatively to mankind fed by the hand of nature; I now come nearer home, and shall keep close to modern times, considering circumstances and effects which by daily experience we see and feel.

I have often said, that numbers are in proportion to the produce of the earth. I now say, that in most countries of Europe, the food produced in the country is *nearly* consumed by the inhabitants: and by *nearly* I understand, that the part exported bears a small proportion to the home-consumption. I do by no means establish this as an universal proposition; but I say it is true *for the most part*: and the intention of this chapter is to enable us to judge how far these limitations should extend. I allow, for example, that Holland, not producing food for its inhabitants, must draw it from some country which produces a superfluity, regularly: but let it be observed that Poland, Germany, Flanders, and England, with many other countries, contribute their contingents to supply the demand of the Dutch; and of several large trading towns which have small territories. This being the case, the quota furnished by each country, must be in a small proportion to the respective quantity growing in it. But these are general conclusions upon vague suppositions, which throw no light on the question. I shall therefore endeavour to apply our reasoning to facts, and then examine consequences.

There are few countries, I believe, in Europe more abounding in grain than England: I shall therefore keep that kingdom in my eye while I examine this matter. Nothing is more common than to hear that an abundant crop furnishes more than three years subsistence:

sistence : nay, I have found it advanced by an author of consideration, (Advantages and disadvantages of France and Great Britain &c. article Grain) that a plentiful year produces five years nourishment for the inhabitants. If this be a mistake, it may prove a very hurtful one in many respects. I am, on the contrary, apt to believe, that no annual produce of grain ever was so great in England as to supply its inhabitants fifteen months, *in that abundance with which they feed themselves in a year of plenty*. If this be the case, at what may we compute the surplus in ordinary good years? I believe it will be thought a very good year which produces full subsistence for fifteen months ; and crops which much exceed this are, I believe very rare. Here follow my reasons for differing so widely from the gentleman whom I have cited. If I am in the wrong, I shall have the most sensible pleasure in being set right ; and nothing will be so easy to any one who has access to be better informed as to facts than I can pretend to be.

I consider all the yearly crop of grain in England as consumed at home, except what is exported ; for I cannot admit that any considerable quantity is lost : that it may be abused, misapplied, drank when it should be eat. I do not deny. These are questions which do not regard the present inquiry. Whether therefore it be consumed in bread, beer, spirits, or by animals, I reckon it consumed ; and in a year when the greatest consumption is made at home, this I call *the abundance with which the inhabitants feed themselves in years of plenty*. Now I find in the performance above cited, a state of exportations for five years, from 1746 to 1750 inclusive, where the quantity exported amounts in all to 5,289,847 quarters of all sorts of grain. This is not one year's provision, according to Sir William Petty's calculation, of which we have made mention above. The bounties upon corn (continues the author abovementioned) have amounted in one year to 500,000*l*. sterling. He does not mention the year, and I am little able to dispute that matter with him. I suppose it to be true ; and still further,
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let it be understood that the whole exportation was made out of the produce of one crop. I do not find that this sum answers to the bounty upon 3,000,000 of quarters, which, according to Sir William Petty, make six months provision. I calculate thus. The bounty upon wheat is 5s. a quarter, that upon rye 3s. 6d. that upon barley 2s. 6d. these are the species of grain commonly exported: cast the three premiums together, and divide by three, the bounty will come to 3s. 8d. at a medium; at which rate 500,000l. sterling will pay the bounty of 2,727,272 quarters of grain. An immense quantity to be exported! but a very inconsiderable part of a crop supposed capable to maintain England for five years. It may be answered, that the great abundance of a plentiful year is considerably diminished when a scanty crop happens to precede it, or to follow upon it. In the first case, it is sooner begun upon; in the last, it supplies the consumption in the year of scarcity, considerably. This I allow to be just; but as it is not uncommon to see a course of good years follow one another, the state of exportation at such times must certainly be the best, nay, the only method of judging of the real extent of superfluity.

On the other hand, I am apt to believe, that there never was a year of such scarcity as that the lands of England did not produce greatly above six months subsistence, *such as the people are used to take in years of scarcity.* Were six months of the most slender subsistence to fail, I imagine all Europe together might perhaps be at a loss to supply a quantity sufficient to prevent the greatest desolation by famine.

As I have no access to look into records, I content myself with less authentic documents. I find then by the London news-papers, that, from the 9th of April to the 13th of August 1757, while great scarcity was felt in England, there were declared in the port of London no more than 71,728 quarters of wheat, of which 15,529 were not then arrived. So that the whole quantity there imported to relieve the scarcity, was 56,199 quarters. Not one month's provision for the

the inhabitants of that city, reckoning them at 800,000 souls ! One who has access to look into the registers of the trade in grain, might in a moment determine this question.

Another reason which induces me to believe what the above arguments seem to prove, I draw from what I see at present passing in Germany ; I mean the universal complaints of scarcity in those armies which are now assembled, [1757] When we compare the numbers of an army, let it be of a hundred thousand men, suppose the suite of it to be as many more, and forty thousand horses, all strangers, (for the others I reckon nothing extraordinary) what an inconsiderable number does this appear, in proportion to the inhabitants of this vast country of Germany ! Yet let us observe the quantity of provisions of all sorts constantly coming down the Rhine, the Moselle, and many other rivers, collected from foreign provinces on all hands ; the numbers of cattle coming from Hungary ; the loads of corn from Poland ; and all this in a year which has produced what at any other time would have been called an excellent crop. After these foreign supplies, must not one be astonished to find scarcity complained of in the provinces where the war is carried on, and high prices every where else. From such circumstances I must conclude, that people are generally very much deceived in their estimation of plenty and scarcity, when they talk of two or three years subsistence for a country being found upon their lands at once. I may indeed be mistaken in my conclusions ; but the more I have reflected upon this subject, the more I find myself confirmed in them, even from the familiar examples of the sudden rise of markets from very inconsiderable monopolies, and of their sudden fall by inconsiderable quantities imported. I could cite many examples of these vicissitudes, were it necessary, to prove what every one must observe.

I come now to resolve a difficulty which naturally results from this doctrine, and with which I shall close the chapter.

I come

If it be true that a crop in the most plentiful year is nearly consumed by the inhabitants, what becomes of them in years of scarcity; for nobody can deny, that there is a great difference between one crop and another. To this I answer, first, That I believe there is also a very great deceit, or common mistake, as to the difference between crops: a good year for one soil, is a bad one for another. But I shall not enlarge on this; because I have no sufficient proof of my opinion. The principal reason upon which I found it, is, that it is far from being true, that the same number of people consume always the same quantity of food. In years of plenty every one is well fed; the price of the lowest industry can procure subsistence sufficient to bear a division; food is not so frugally managed; a quantity of animals are fatted for use; all sorts of cattle are kept in good heart; and people drink more largely, because all is cheap. A year of scarcity comes, the people are ill fed, and when the lower classes come to divide with their children, the portions are brought to be very small; there is great oeconomy upon consumption, few animals are fatted for use, cattle look miserably, and a poor man cannot indulge himself with a cup of generous ale. Add to all these circumstances, that in England the produce of pasture is very considerable, and it commonly happens, that a bad year for grain, which proceeds from rains, is for the same reason a good year for pasture; and in the estimation of a crop, every circumstance must be allowed to enter.

From what has been said, I must conclude in general, that the best corn country in the world, provided slavery be not established, does not produce where-withal fully to maintain, as in years of plenty, one-third more than its own inhabitants; for if this should be the case, all the policy of man would not be able to prevent the multiplication of them, until they arose nearly up to the mean proportion of the produce in ordinary years, and it is only what exceeds this standard, and proceeds from unusual plenty, which can be exported. Were plentiful years more common, mankind would be more numerous; were scarcity more frequent, num-

bers would be less. Numbers therefore must ever be, in my humble opinion, in the ratio of food, and multiplication will never stop until the balance comes to be nearly even.

C H A P. XVIII.

Of the Causes and Consequences of a Country's being fully peopled.

IN the titles of my chapters, I rather seek to communicate a rough idea of the subject than a correct one. In truth and in reason, there is no such thing as a country actually peopled to the full, if by this term numbers only are meant, without considering the proportion they bear to the consumption they make of the productions of their country. I have in a former chapter established a distinction between the physical and moral impossibility of increasing numbers. As to the physical impossibility, the case can hardly exist, because means of procuring subsistence from other countries, when the soil refuses to give more, seem, if not inexhaustible, at least very extensive. A country therefore fully peopled, that is, in a physical impossibility of increasing their numbers, is a chimerical and useless supposition. The subject here under consideration is, the situation of a people, who find it their interest to seek for subsistence from abroad. This may happen, and commonly does, long before the country itself is fully improved: it decides nothing as to the intrinsic fertility of the soil, and proves no more, than that the industry of the free hands has made a quicker progress in multiplying mouths, than that of the farmers in providing subsistence. To illustrate this idea, let me propose the following question.

Is multiplication the efficient cause of agriculture, or is agriculture that of multiplication?

I answer, that multiplication is the efficient cause of agriculture, though I allow, that, in the infancy of society, the spontaneous fruits of the earth, which are free to all, are the efficient cause of a multiplication, which may rise to the exact proportion of them; as has been said above. This must be explained. I have

I have already distinguished the fruits of agriculture from the earth's spontaneous production : I must further take notice, that when I employ the term agriculture in treating of modern policy, I always consider it to be exercised as a trade, and producing a surplus, and not as the direct means of subsisting, where all is consumed by the husbandman, as has been fully explained above. We have said, that it is the surplus produced from it, which proves a fund for multiplying inhabitants. Now there must be a demand for this surplus. Every person who is hungry will make a demand, but every such demand will not be answered, and will consequently have no effect. The demander must have an equivalent to give : it is this equivalent which is the spring of the whole machine : for without *that* the farmer will not produce any surplus, and consequently, he will dwindle down to the class of those who labour for actual subsistence. The poor, who produce children, make an ineffectual demand, and when they cannot increase the equivalent, they divide the food they have with the new-comers, and prove no encouragement to agriculture. By dividing, the whole become ill fed, miserable, and thus extinguish. Now because it is the *effectual* demand, as I may call it, which makes the husbandman labour for the sake of the equivalent, and because this demand increases, by the multiplication of those who have an equivalent to give, therefore I say that multiplication is the cause, and agriculture the effect. On the other hand, I think the spontaneous fruits of the earth, as in the supposition, may be considered as the cause of a certain limited multiplication ; because in that case there is no equivalent demanded. The earth produces, whether her fruits be consumed or not : mankind are fed upon these gratuitously, and without labour, and the existence of the fruits is anterior to the production of those who are to consume them. Those who are first fed, draw their vigour from their food, and their multiplication from their vigour. Those who are produced, live freely upon their parent earth, and multiply until all the produce be consumed : then multiplication stops, as we have said ; *but establish agriculture,*

and multiplication will go on a-new. Consequently, my reader will say agriculture is as much the cause of this new multiplication, as the spontaneous fruits were of the first. Here is a very natural conclusion, which seems directly to contradict what we have been endeavouring to prove; but the knot is easily untied. We have seen how the existence of agriculture must depend upon the industry of man; that is, on the only means of *establishing agriculture*: now, as this industry is chiefly promoted by the motive of providing for our children, the procreation of them must be considered as the first, or at least the most palpable political cause of setting mankind to work, and therefore may be considered as anterior to agriculture; whereas, on the other hand, the earth's spontaneous productions being in small quantity, and quite independent of man, appear, as it were, to be furnished by nature, in the same way as a small sum is given to a young man, in order to put him in a way of industry, and of making his fortune. The small sum sets him a-going, but it is his industry which makes the fortune. From this illustration it appears, that if the demand for food can be more readily supplied from abroad than from home, it will be the foreign subsistence, which will preserve numbers, produced from *industry*, not from *domestic agriculture*: and these numbers will, in their turn, produce an advancement of it at home, by inspiring a desire in the husbandman to acquire the equivalent which their countrymen give to strangers.

Such nations, whose statesmen have not the talent to engage the husbandmen to wish for the equivalent, which the labour of their fellow-citizens can produce; or, in other words, who cannot create reciprocal wants and dependencies among their subjects, must stand in a moral incapacity of augmenting in numbers. Of such states we have no occasion to treat in this chapter, any more than of those who are supposed to be in the physical incapacity of multiplying: our point of view is, to examine the natural consequences resulting from a demand for subsistence extending itself to foreign countries. This I take to be the mother of industry at home,

home, as well as of trade abroad ; two objects which come to be treated of in the second book.

A country may be fully peopled (in the sense we understand this term) in several different ways. It may be fully stocked at one time with six millions, and at another may maintain perhaps eight or even nine millions with ease, without the soil's being better cultivated or improved. On the other hand, a country may maintain twenty millions with ease, and by being improved as to the soil, become overstocked with fifteen millions. These two assertions must be explained.

The more frugal a people are, and the more they feed upon the plentiful productions of the earth, the more they may increase in numbers.

Were the people of England to come more into the use of living upon bread, and give over consuming so much animal food, inhabitants would certainly increase, and many rich grass fields would be thrown into tillage. Were the French to give over eating so much bread, the Dutch so much fish, the Flemish so much garden stuff, and the Germans so much sourkraut, and all take to the English diet of pork, beef, and mutton, their respective numbers would soon decay, let them improve their grounds to the utmost. These are but reflections, by the by, which the reader may enlarge upon at pleasure. The point in hand is, to know what are the consequences of a country's being so peopled, no matter from what cause, that the soil, in its actual state of fertility, refuses to supply a sufficient quantity of such food as the inhabitants incline to live upon. These are different according to the diversity of spirit in the people.

If they be of an indolent disposition, directed in their political oeconomy by established habits and old prejudices, which prevent innovations, although a change of circumstances may demand them, the effect will be to put a stop to population ; which cannot augment without an increase of food on one hand, and of industry on the other, to make the first circulate. These must go hand in hand : the precedence between them is a matter of mere curiosity and speculation.

If, on the contrary, a spirit of industry has brought the country to a certain degree of population, this spirit will not be stopt by the want of food; it will be brought from foreign countries, and this new demand, by diminishing among them the quantity usually produced for their own subsistence, will prompt the industrious to improve their lands, in order to supply the new demand without any hurt to themselves. Thus trade has an evident tendency towards the improvement of the world in general, by rendering the inhabitants of one country industrious, in order to supply the wants of another, without any prejudice to themselves. Let us make a step further.

The country fully stocked can offer in exchange for this food, nothing but the superfluity of the industry of the free hands, for that of the farmers is supposed to be consumed by the society; except indeed some species of nourishment or productions, which, being esteemed at a higher value in other countries than in those which produce them, bring a more considerable return than the value of what is exported; as when raw silk and delicate wines, &c. are given in exchange for grain and other provisions.

The superfluity of industry must, therefore, form the principal part of exportation, and if the nation fully stocked be surrounded by others which abound in grain and articles of subsistence, where the inhabitants have a taste for elegance, and are eager of acquiring the manufactures and improvements of their industrious neighbours; it is certain, that a trade with such nations will very considerably increase the inhabitants of the other, though fully stocked, relatively to the production of their own soil; and the additional numbers will only increase that of manufacturers, not of husbandmen. This is the case with Holland, and with many large trading cities which are free and have but a small territory.

If, on the contrary, the nation fully stocked be in the neighbourhood of others who take the same spirit as itself, this supply of food will become in time more difficult to be had, in proportion as their neighbours come

to

to supply their own wants. They must therefore seek for it at a greater distance, and, as soon as the expence of procuring it comes to exceed the value of the labour of the free hands employed in producing the equivalent their work will cease to be exported, and the number of inhabitants will be diminished to the proportion of the remaining food.

I do not say that trade will cease on this account; by no means. Trade may still go on, and even be more considerable than before; but it will be a trade which never can increase inhabitants, because for this purpose there must be subsistence. It may have however numberless and great advantages: it may greatly advance the wealth of the state, and this will purchase even power and strength. A trading nation may live in profound peace at home, and send war and confusion among her enemies, without even employing her own subjects. Thus trade without increasing the inhabitants of a country can greatly add to its force, by arming those hands which she has not fed, and employing them for her service.

C H A P. XIX.

Is the Introduction of Machines into Manufactures prejudicial to the Interest of a State, or hurtful to Population?

THIS I find has been made a question in modern times. The antients held in great veneration the inventors of the saw, of the lathe, of the wimble, of the potters wheel; but some moderns find an abuse in bringing mechanism to perfection: see *Les Interets de la France mal entendus*, p. 272. 313.) the great Montesquieu finds fault with water mills, though I do not find that he has made any objection against the use of the plow.

Did people understand one another, it would be impossible that such points could suffer a dispute among men of sense; but the circumstances referred to,

or presupposed, which authors almost always keep in their eye, though they seldom express them, render the most evident truths susceptible of opposition.

It is hardly possible suddenly to introduce the smallest innovation into the political oeconomy of a state, let it be ever so reasonable, nay ever so profitable, without incurring some inconveniencies. A room cannot be swept without raising dust, one cannot walk abroad without dirtying one's shoes; neither can a machine, which abridges the labour of men, be introduced *all at once* into an extensive manufacture, without throwing many people into idleness.

In treating every question of political oeconomy, I constantly suppose a statesman at the head of government, systematically conducting every part of it, so as to prevent the vicissitudes of manners and innovations, from hurting any interest within the commonwealth, by their natural and immediate effects or consequences. When a house within a city becomes crazy, it is taken down; this I call systematical ruin: were it allowed to fall, the consequences might be fatal in many respects. In like manner, if a number of machines are all at once introduced into the manufactures of an industrious nation, (in consequence of that freedom which must necessarily be indulged to all sorts of improvement, and without which a state cannot thrive) it becomes the business of the statesman to interest himself so far in the consequences, as to provide a remedy for the inconveniencies resulting from the sudden alteration. It is further his duty to make every exercise even of liberty and refinement an object of government and administration; not so as to discourage or to check them, but to prevent the revolution from affecting the interests of the different classes of the people, whose welfare he is particularly bound to take care of.

The introduction of machines can, I think, in no other way prove hurtful by making people idle, than by the suddenness of it: and I have frequently observed, that all sudden revolutions, let them be ever so advantageous, must be accompanied with inconveniencies.

niencies. A safe, honourable, and a lasting peace, after a long, dangerous, and expensive war, forces a number of hands to be idle, and deprives them of bread. Peace then may be considered as a machine for defending a nation, at the political loss of making an army idle; yet nobody, I believe, will alledge that in order to give bread to soldiers, sutlers, and undertakers, the war should be continued. But here I must observe, that it seems to be a palpable defect in policy, if a statesman shall neglect to find out a proper expedient (at whatever first expence it may be procured) for giving bread to those who, at the risk of their lives, have gone through so many fatigues for the service of their country. This expence should be charged to the account of the war, and a state ought to consider, that as their safety required that numbers should be taken out of the way of securing to themselves a lasting fund of subsistence, which would have rendered them independent of every body, (supposing that to have been the case) she becomes bound by the contract of society, which ties all together, to find them employment. Let me seek for another illustration concerning this matter.

I want to make a rampart cross a river, in order to establish a bridge, a mill, a sluice, &c. For this purpose. I must turn off the water, that is stop the river; would it be a good objection against my improvement to say, that the water would overflow the neighbouring lands, as if I could be supposed so improvident as not to have prepared a new channel for it? Machines stop the river; it is the business of the state to make the new channel, as it is the public which is to reap the benefit of the sluice: I imagine what I have said will naturally suggest an answer to all possible objections against the introduction of machines; as for the advantages of them, they are so palpable that I need not insist upon them. There is however one case in which I think they may be disapproved of; but it seems a chimerical supposition, and is brought in here for no other purpose than to point out and illustrate the principle which influences this branch of our subject. If

If you can imagine a country peopled to the utmost extent of the fertility of the soil, and absolutely cut off from any communication with other nations; all the inhabitants fully employed in supplying the wants of one another, the circulation of money going forward regularly, proportionally, and uniformly through every vein, as I may call it, of the political body; no sudden or extraordinary demand at any time for any branch of industry; no redundancy of any employment; no possibility of increasing either circulation, industry, or consumption. In such a situation as that I should disapprove of the introduction of machines, as I disapprove of taking physic in an established state of perfect health. I disapprove of a machine only because it is an innovation in a state absolutely perfect in these branches of its political oeconomy; and where there is perfection there can be no improvement. I further disapprove of it because it might force a man to be idle, who would be found thereby in a physical impossibility of getting his bread, in any other way than that in which he is supposed to be actually employed.

The present situation of every country in Europe, is so infinitely distant from this degree of perfection, that I must consider the introduction of machines, and of every method of augmenting the produce or facilitating the labour and ingenuity of man, as of the greatest utility. Why do people wish to augment population, but in order to compass these ends? Wherein does the effect of a machine differ from that of new inhabitants?

As agriculture, exercised as a trade, purges the land of idle mouths, and pushes them to a new industry which the state may turn to her own advantage; so does a machine introduced into a manufacture, purge off hands which then become superfluous *in that branch*, and which may quickly be employed in another.

If therefore the machine proves hurtful, it can only be because it presents the state with an additional number of hands bred to labour; consequently, if these are afterwards found without bread, it must proceed

from

from a want of attention in the statesman: for an industrious man made idle, may constantly be employed to advantage, and with profit to him who employs him. What could an act of naturalization do more, than furnish industrious hands forced to be idle, and demanding employment? Machines therefore I consider as a method of augmenting (virtually) the number of the industrious, without the expence of feeding an additional number: this by no means obstructs natural and useful population, for the most obvious reasons.

We have shewn how population must go on, in proportion to subsistence, and in proportion to industry: now the machine eats nothing, so does not diminish subsistence, and industry (in our age at least) is in no danger of being overstocked in any well governed state; for let all the world copy your improvements, they still will be the scholars. And if, on the contrary, in the introduction of machines you are found to be the scholars of other nations, in that case you are brought to the dilemma of accepting the invention with all its inconveniencies, or of renouncing every foreign communication.

In speculations of this kind, one ought not, I think, to conclude, that experience *must* of necessity prove what we imagine our reasoning has pointed out.

The consequences of innovations in political oeconomy, admit of an infinite variety, because of the infinite variety of circumstances which attend them: no reasoning, therefore, however refined, can point out a priori, what upon such occasions must indispensably follow. The experiment must be made, circumstances must be allowed to operate; inconveniencies must be prevented or rectified as far as possible; and when these prove too many, or too great to be removed, the most rational, the best concerted scheme in theory must be laid aside, until preparatory steps be taken for rendering it practicable.

Upon the whole, daily experience shews the advantage and improvement acquired by the introduction of machines. Let the inconveniencies complained of be ever so sensibly felt, let a statesman be ever so careless

less in relieving those who are forced to be idle, all these inconveniencies are only temporary ; the advantage is permanent, and the necessity of introducing every method of abridging labour and expence, in order to supply the wants of luxurious mankind, is absolutely indispensable, according to modern policy, according to experience, and according to reason.

C H A P. XX.

Miscellaneous Observations upon Agriculture and Population.

I HAVE hitherto considered the object of agriculture, as no more than the raising of grain ; the food of mankind has been estimated by the quantity they consume of that production ; and husbandmen have been supposed to have their residence in the country. As my subject has but an indirect connection with the science of agriculture, I have simplified many things complex in themselves, the better to adapt them to the principal object of my inquiry, and the better to keep my attention fixed upon one idea at a time. I am now going to return to some parts of my subject, which I think I have treated too superficially ; and to examine, as I go along, some miscellaneous questions which will naturally arise from what is to be said.

Quest. I. Almost every one who has writ upon population, and upon agriculture, considered as an essential concomitant of it, has recommended the equal distribution of the property of lands as useful to both : A few reflections upon this question, after what has been thrown out in the course of the foregoing chapters, may not be improper ; more in order to examine and apply the principles laid down, than with a view to combat the opinion of others.

I have already, upon several occasions, taken notice of the great difference between the political oeconomy of the antients, and that of modern times ; for this reason, among others, that I perceive the sentiments of the antients,

antients, which were founded upon reason and common sense, relative to their situation, have been adopted by some moderns, who have not perhaps sufficiently attended to the change of our manners, and to the effects which this change must operate upon every thing relative to our oeconomy. The antients recommended strongly an equal distribution of lands as the best security for liberty, and the best method, not only to preserve an equality among the citizens, but also to increase their number.

In those days, the citizens did not compose one half of the state relatively to numbers; and there was almost no such thing as an established monied interest, which can no where be founded but upon trade, and an extensive industry. In those days there was no solid income but in land; and that being equally divided among the citizens, was favourable to their multiplication and produced equality. But in our days, riches do not consist in lands only; nay we sometimes find the most considerable proprietor of these in very indifferent circumstances; loaded with debts, and depending upon the indulgence of men who have not an acre, and who are their creditors. Let us therefore divide our lands as we please, we shall never produce equality by it. This is an essential difference between us and the antients, with respect to one point. Now as to the other, population.

The equal division of lands, no doubt, greatly tends to increase the numbers of one class of inhabitants, to wit, the landlords. In antient times, as has been observed, the chief attention was to increase the citizens, that is, the higher classes of the state; and the equal division of property so effectually produced this effect, that the Greek states were obliged to allow the exposition of children; and Aristotle looked upon it as a thing indispensably necessary, as M. de Montesquieu has very judiciously observed. The multiplication of the lowest classes, that is of the slaves, never entered into the consideration of the public, but remained purely a matter of private concern; and we find it was a question with some, whether or not it was worth while to breed from

from them at all. But in our days the principal object is to support the lower classes from their own multiplication, and for this purpose, an unequal division of property seems to me the more favourable scheme; because the wealth of the rich falls naturally into the pockets of the industrious poor; whereas the produce of a very middling fortune does no more than feed the children of the proprietor, who in course become very commonly and very naturally an useless burthen upon the land: Let me apply this to an example. Do we not familiarly observe, that the consolidation of small estates, and the diminution of gentlemen's families of middling fortunes do little harm to a modern state. There are always abundance of this class of inhabitants to be found whenever there is occasion for them. When a great man buys up the lands of the neighbouring gentry, or small proprietors, all the complaints which are heard, turn upon the distress which thence result to the lower classes, from the loss of their masters and protectors; but never one word is heard of that made by the state, from the extinction of the former proprietor's family. This abundantly shews that the object of modern attention is the multiplication of the lower classes, consequently it must be an inconsistency to adopt the practice of the antients, when our oeconomy is entirely opposite to theirs.

Let this suffice to point out how far the difference of our manners should influence the division of our lands. I shall now examine a question relative to the science of

Quest. II. agriculture, not considered as a method of improving the soil, (this will come in more naturally afterwards) but of making it produce to the best advantage, supposing it to be already improved.

In treating of the productions of the earth, in consequence of agriculture, I have all along distinguished them from those which spontaneously proceed from the force of nature: these are the immediate gift of God, those are the return of the labour of his creatures. Every one knows that the labour of mankind is not in proportion to their numbers, but to their industry. The produce therefore of agriculture must be estimated, not according

according to the quantity of fruits only, but also according to the labour employed to produce them. These things premised, the question here proposed to be examined arises, viz. Which species of agriculture is the most advantageous to a modern society, that which produces the greatest quantity of fruits *absolutely* taken, or that which produces the greatest quantity *relatively* taken, I mean to the labour employed?

This question might easily be resolved, in general, by the application of principles already deduced: although it cannot admit of a direct answer, in the manner I have put it. One, therefore, may say indeterminate, that species is the best which produces a surplus the best proportioned to the industry, and to the demands of all the free hands of the state. But as this solution would not lead me to the object I have in view, I have thrown in an alternative in order to gain attention to the principles which I am going to examine, and which influence and determine the establishment of the one or the other species of agriculture.

The principal difficulty I find in the examination of this question, is to distinguish the effects of agriculture from those of the spontaneous production of the earth. The returns from pasture, for example, relatively taken, are, as we have observed, both from reason and from experience, far greater than those of corn fields, (vid. *supra*, chap. 8.) though I little doubt but that, absolutely taken, the case is quite otherwise; that is to say, that an acre of the finest corn land will produce more nourishment for man than an equal portion of the finest pasture: but here we are following the proportion of space and produce, not of labour; for if the produce of both acres be considered relatively to the *labour* necessary for the cultivation, as well as to the extent; the produce of pasture will be found far greater: this however I ascribe to the spontaneous operation of nature, and not to the superior utility of this kind of agriculture.

Since therefore it is impossible, rightly to separate the effects of nature from those of art and industry, in this species

species of improvement, let us confine our speculations to those only which have for their object the turning up the surface, and the sowing or cultivating annual vegetables. For the better conveying our ideas, let us take an example, and reason from a supposition.

Let me suppose an island of a small extent and fruitful soil sufficiently improved, and cultivated after the manner of the best lands of England, in the ordinary method of farming.

In that case we may infer, from what was laid down in the 8th chapter, that the number of people employed about farming may be nearly about one half of the whole society. Let the whole inhabitants of the island be called 1000, that is 500 farmers, and as many free hands. The 500 farmers must then feed 1000; the 500 free hands must provide for all the other wants of 1000. By this supposition, and allowing that there is an equal degree of industry in these two classes, the providing of food will appear to be an occupation just equal to that of providing for all other wants. From this let me draw a few consequences, by the by, before I proceed.

Experience shews that in all countries there are found many who are here understood to be included in the class of free hands, who consumed infinitely more of other things than of food; consequently we must conclude, that as the wants of some do far exceed the proportion of their food, so in order to bring the balance even, the wants of others must fall far below it. That this is the case, I believe, will be found by experience. Let me follow this thought a little further.

In proportion as a greater number than one half of the people becomes employed in agriculture, must it not follow, that all other work must come to bear a smaller proportion than formerly to the food consumed; consequently the manner of living must become more simple. Now we have shewn that what we call wants, in contradistinction to food, can only be supplied by the free hands, and that these again can only be fed from the surplus of the farmers; consequently

quently the fewer wants, and the fewer free hands, the less surplus, which of course infers an agriculture less productive, relatively to the number of farmers. Were, therefore, a whole society employed in agriculture, carried on as a direct method of subsisting, there would be no surplus, consequently no free hands; consequently no work for supplying any want but food. This may be thought an impossible supposition. If you suppose agriculture exercised as a trade, I allow it to be so, but not if it be carried on as a method of subsisting only; and if you throw away the idea of labour altogether, and suppose mankind in its infancy, that is in paradise, living upon the spontaneous fruits of the earth, and quite naked, you will find the case not only supposable, but exactly so. It is exactly so among the cattle: every one of them may be considered in a parallel situation with a husbandman who works for his own nourishment. They feed upon the spontaneous fruits of the earth, and have no surplus; and having no other want, they are freed from every other care. Let me return now to the island.

The 500 farmers feed 1000; and we suppose the lands laboured as in a good English farm. One of the society proposes to augment the number of inhabitants by introducing a more operose species of agriculture, the produce of which may be *absolutely* greater, though relatively less.

The first question the statesman would naturally put to this reformer would be, What is your view in increasing the number of our inhabitants, is it to defend us against our enemies, is it to supply the wants of strangers, and thereby to enrich ourselves, is it to supply our own *wants* with more abundance, or is it to provide us more abundantly with *food*? I can hardly find out any other rational view in wishing for an additional number of people in any country whatsoever. Let it be answered, that all these ends may be thereby obtained: and now let us examine how far this reformation upon agriculture will have the effect of increasing inhabitants, how far such increase will procure the ends proposed, and how far the execution of

such a plan is a practicable scheme to an industrious people.

If the inhabitants be not sufficiently fed, which is the only thing that can prevent their multiplication, it must proceed from one of two causes. Either *first*, that those do procreate, who cannot produce an equivalent for the food of their children; or *secondly*, that industry making a quicker progress than agriculture, the industrious come too strongly in competition with one another, for the surplus of food to be found; which has the effect of raising the prices of it, and reducing the portions too low to suffer a division; and thereby of preventing marriage and multiplication in the lower classes of the free hands.

In the first case, it is to no purpose to increase the produce of agriculture, by rendering it more expensive; for those who have no equivalent to give when food is cheap, will still be in greater necessity when it rises in the price. In the second case, it is to no purpose to diminish the surplus of the farmers, because the supposition proves that the balance is already too heavy upon the side of the free hands, that is, that the surplus of the farmers is already become insufficient fully to feed them.

Two remedies may be proposed for this inconvenience, the one tending to population, the other to depopulation; and as the end to be compassed is to set the balance even between husbandmen and free hands, I shall explain both, and point out *how far* from principles it appears, that in either way the end may be attained.

That tending to increase population is the remedy proposed, and, no doubt, was it possible to introduce a new system of agriculture of a larger absolute production, although the relative production should be less, the inhabitants of the state becoming thereby better fed, though at a greater cost, would infallibly multiply. Let me therefore examine this first part before I say any thing of the other; and for the greater distinctness I shall return to my example, and examine both the consequences and the possibility of putting such a plan in execution. Let

Let me suppose, that by using the spade and rake, instead of the plow and harrow, the lands of our island might be brought to produce with more abundance; this is a method of increasing the expence of agriculture, which would require an additional number of husbandmen.

Now, by the supposition, 500 farmers fed, though scantily, the whole of the inhabitants, that is 1000 persons. If therefore 100 of the free hands can be engaged to become farmers, the end may be attained: more nourishment will be produced; the people will be better fed; they will multiply; that is, their number will rise above 1000. Let us next endeavour to form a judgment of this increase, and of the consequence of the revolution.

The society will now be composed of 600 farmers and 400 free hands. The 600 will certainly produce more fruits than formerly; but as their labour is relatively less productive by the supposition, it will be impossible for them to furnish surplus equal to their own consumption; consequently, the free hands never will be able to rise to a number equal to theirs; that is, the society will never get up to 1200. But we supposed, that the other wants of the society required the industry of one half of the inhabitants to supply them; that is, of all the 500 free hands; and, as the number of these has been already reduced, and can never more rise to that proportion, as has been said, must not either the people voluntarily adopt a more simple way of living; or must not the demand for work rise very considerably? Let me consider the consequences in both cases. In the first, you perceive, that if the inhabitants themselves are obliged to simplify their way of living, for want of hands to supply what they formerly consumed, three of the four objects proposed by the reformation become impossible to be attained; to wit, the defending themselves against their enemies, the supplying the wants of strangers, and the supplying their own with more abundance. And with regard to the fourth, the being better fed, that must cease to be the case, the moment the end is ob-

tained; that is, the moment the inhabitants are multiplied up to the proportion of additional food. Consequently, by simplifying their way of life, and allowing farming to stand upon the new footing, they compass not any one of the ends they proposed.

Next, if we suppose, that the inhabitants do not incline to simplify their way of life, but that the wealthy among them insist upon purchasing all the instruments of luxury which they formerly were used to enjoy, must not demand for work greatly rise, and must not, of consequence, an additional encouragement be given to that species of labour which had been diminished, in taking 100 persons from industry, to throw them into the class of farmers? Will not this make them quickly desert their spade, and the rather, as they have taken to an employment less lucrative than that of farming, according to the former systems?

So much for the consequences which would follow, in case the plan proposed was found practicable; that is, supposing it to be a thing possible to transport into agriculture a part of an industrious society, already otherwise employed, and to change *all at once* the relative proportion between those who supply food, and those who purchase it with their industry. We have begun, by taking that first step for granted; and now I am to shew what obstacles will be found in the execution.

We have said, that it is the multiplicity and complexity of wants which give an encouragement to agriculture, and not agriculture, or an abundance of food, which inspires mankind with a disposition to labour. Now, if this principle be true, the supposition we have proceeded upon is absurd. I am afraid, both reason and experience will abundantly prove that it is so.

The natural and necessary effect of industry, in trades and manufactures, is to promote the increase of relative husbandry; which, by augmenting the surplus, tends of course to increase the proportion of the free hands relatively to the farmers. A river may as easily ascend to its source, as a people voluntarily adopt a more operose agriculture than that already established,

ed, supposing the lands to be fully improved, the spirit of industry to prevail on one hand, and the farmers to have profit only in view on the other.

What farmer could sell the surplus of an expensive agriculture in competition with another who exercised a species relatively more productive?

When lands are improved, the simplification of agriculture is a necessary concomitant of industry, because diminishing expence is the only method of gaining a preference at market.

Whether industry has done hurt to population, by augmenting the relative, and diminishing the absolute produce of agriculture; or whether it has done good to it, by encouraging the science in general, and extending the exercise of it over the face of the earth, is a matter of fact which I shall leave to others, better informed than I am, to determine. For my own part, I believe that thousands of examples may be found of the one and the other. I know corn fields, where villages formerly stood, the inhabitants of which fed themselves with the pure produce of absolute agriculture; that is with a bit of garden ground, and the milk of a cow: there surely is depopulation: but, at a small distance from the place where those villages stood, I see corn fields, where nothing but heath was to be met with; this marks population. I seek no more than to explain from facts the principles I am endeavouring to discover, and shall leave general conclusions to others, as I have already said.

There is a maxim in law, which may be extended almost to every thing in this world, *unum quodque eodem modo solvitur quo colligatum est*. Industry forms this species of absolute agriculture; industry destroys it. A military force raised the Roman greatness; a military force destroyed it. A spirit of liberty may form a noble constitution, and a spirit of liberty may break the same to pieces. The States of Denmark restrained the royal power and established a free government; the same States rendered that very power unlimited, and established there the purest monarchy in Christendom. But these reflections are foreign to our subject: *Ne futor ultra crepidam*. I return.

When industry is set on foot, it gives encouragement to agriculture exercised as a trade: and by the allurements of ease, which a large surplus procures to the farmers, it does hurt to that species which is exercised as a method of subsistence. Lands become more generally and less thoroughly laboured. In some countries tillage is set on foot and encouraged; this is an operose agriculture. While industry goes forward, and while a people can remain satisfied with a nourishment consisting chiefly of bread, this system of agriculture will subsist, and will carry numbers very high. If wealth increases, and if those who have it begin to demand a much greater proportion of work than formerly, while they consume no more food, then I believe numbers may diminish from the principles I am now going in quest of.

I return to the council of the island where the proposition laid down upon the carpet is, *The scanty subsistence of the inhabitants requires redress.*

A Machiavelian stands up (of such there are some in every country) and proposes, in place of multiplying the inhabitants, by rendering agriculture more operose, to diminish their number, by throwing a quantity of corn fields into grass. What is the intention of agriculture, says he, but to nourish a state? By our operose method of plowing and sowing, one half of the whole produce is consumed by those who raise it; whereas by having a great part of our island in pasture, one half of the husbandmen may be saved. Pray what do you propose to do with those whom you intend to make idle? replies a citizen. Let them betake themselves to industry. But industry is sufficiently, nay more than sufficiently stocked already. If, says Machiavel, the supernumerary husbandmen be thrown out of a way of living, they may go where they please; we have no occasion for them, nor for any one who lives only to feed himself. But you diminish the number of your people, replies the citizen, and consequently your strength; and if afterwards you come to be attacked by your enemies, you will wish to have those back again for your defence, whom in
your

your security you despised. To this the other makes answer: there you trust to the Egyptian reed. If they be necessary for feeding us at present, how shall we be able to live while we employ them as soldiers? We may live without many things, but not without the labour of our husbandmen. Whether we have our grounds in tillage or in pasture, if that class be rightly proportioned to the labour required, we never can take any from it. In those countries where we see princes have recourse to the land to recruit their armies, we may safely conclude, that there the land is overstocked; and that industry has not as yet been able to purge off all the superfluous mouths: but with us the case is different, where agriculture is justly proportioned to the number of husbandmen. If I propose a reform, it is only to augment the surplus, upon which all the state, except the husbandmen, are fed; if the surplus after the reform is greater than at present, the plan is good, although 250 of our farmers should thereby be forced to starve for hunger.

Though no man is, I believe, capable to reason in so inhuman a style, and though the revolution here proposed be an impossible supposition, if meant to be executed all at once, the same effects however must be produced, in every country where we see corn fields by degrees turned into pasture; only the change is gradual, industry is not overstocked any where, and subsistence may be drawn from other countries, where the operose species of agriculture can be carried on with profit.

Familiar experience proves the truth of this. I have a corn farm, where I maintain ten horses and four servants for the cultivation alone: at the end of the year I find my surplus equal to 40*l.* sterling. If, by throwing my grounds into grass, I can dismiss three servants and eight horses, and at the end of the year raise my surplus to 50*l.* sterling, who doubts of my doing it? Is not this following the doctrine above laid down? But there is nothing odious in this; because I do not see these three servants die for hunger, nor is it a consequence they should, as states are formed. They turn themselves to industry, and food comes from

abroad, in proportion as the country itself produces a less quantity. Fact and experience prove this assertion, and I cite Holland as an example, where every branch of operose agriculture is exploded, except for such productions as cannot be brought from other countries. I introduced the rough Machiavelian only to set principles in a strong light, and particularly that concerning the recruiting of armies from the land, which I take to be both a true one, and one necessary to be attended to, to wit, that those who must labour for the subsistence of the society, can be of little use for the defence of a state, in case of any exigency. Princes have found out the truth of this, and in proportion as industry has extended itself, regular armies have been found necessary to be kept up in times of peace, in order to be had in times of war. A militia composed of people truly industrious, I take to be far better in speculation than in practice. How would a militia do in Holland? how admirable was it not formerly, in Scotland, Poland and Catalonia? And how admirably does it still succeed in the armies of the house of Austria? I may however be mistaken; for a military and an industrious spirit may be found compatible with one another in some particular nations: time perhaps will clear up this matter. Thus much with regard to a militia. Now as to recruiting a regular army.

The more they are recruited from the land, the less they desert. The army of the Russians, for example, now assembled (1758) hardly knows desertion, those of the house of Austria, taken from certain provinces where there is almost no industry, are in the same case, also the militia of France which I consider as regular troops. On the other hand, those armies which are raised in the countries where industry has taken root are chiefly composed of loose fellows, the excrements of populous cities, the sons of vice and idleness, who have neither domicil nor attachment. These are soldiers truly by trade, and make a trade of it; how many thousands of such are now to be found? they come to market every season, and the best bidder has them
while

while he can hold them. Some princes make a point not to receive their own deserters back, but accept of those who have committed the same infidelity to others; while others content themselves with punishing those who fail in their attempt to desert, but receive them back when they return of their own accord, after having accomplished their desertion. All is now become commerce, and seems to be regulated by the principles of it. I return to our agriculture.

Does not the exposition we have now given of these principles tend to cast a light upon the first question dismissed in this chapter, to wit, the effects of an equal and an unequal distribution of the property of lands?

When these are once well cultivated and improved, it is of no consequence to whom the property belongs; for by the property of such lands I only can mean the surplus, as we have abundantly explained elsewhere. Let therefore the property of all the lands of a kingdom, fully improved, belong to the state, or to any number of individuals, however few, there is no question of improvement; no difference as to agriculture, no difference as to population, according to modern policy. So long as the whole is well cultivated and made to produce, by a set of men I call farmers, the end is fully obtained; and according to the nature of the agriculture, which many different circumstances of taste and manner of living has introduced, larger or smaller portions of land must be allotted to each of them.

If you suppose a country not as yet improved, as many are, then the case becomes quite different, and small possessions are necessary, both for multiplying the inhabitants and for improving the soil. In this supposition the most operose agriculture may be carried on in competition with the most lucrative; because when there is a question of improvement, there is frequently a considerable outgoing instead of any surplus after paying the labour.

Agriculture for improvement can be carried on by none but those who have wealth and superfluity, and is prosecuted with a view to future, not to present advantage: of this we shall treat in another place. For I consider it as a quite different operation, influenced by
different

different principles, and no ways to be confounded with the present subject of inquiry. But I have insensibly been wandering through an extensive subject, and it is now time to return.

I have said above that a river might as easily ascend to its source, as an industrious people voluntarily adopt a more oporose system of agriculture than that already established, while the spirit of industry prevails on one hand, and while farmers have profit only in view on the other. In consequence of this position, I have treated the plan proposed for augmenting the inhabitants of the island, by the introduction of a more oporose agriculture as absurd, and so it certainly is; but let me throw in a circumstance which affects the spirit of that people, and the plan becomes plausible and easy.

Let a part of the wealthy proprietors of the lands take a taste for agriculture, Let a Tull, a Du Hamel turn agriculture into an object of luxury, of amusement. Let this science be turned into a Mississippi, or South Sea scheme. Let the rich be made to believe that treasures are to be found at a small expence, laid at first out upon farming, and you will soon see the most oporose species of the science go forward, and the produce of it come to market and be sold, in spite of all competition. My Lady Duchess's knotting may be sold at so much a pound, as well as that performed by a girl who does not spend six pence a day; but if the one and the other be considered relatively to the expence of the manufacturer, every knot of my Lady's will be found to have cost as much as a pound of the other. The Duchess's pound, however, increases the quantity of knots; and so does my Lord's farm the mass of subsistence for the whole society. The nation also gains by his extravagance having taken a turn, which may produce the permanent good effect of improving a part of the country, though at an expence infinitely beyond the value of it. I must now again touch upon another part of my subject, which I think has been treated too superficially.

In a former chapter I have shewn how industry has the natural effect of collecting into towns and cities the free hands of a state, leaving the farmers in their farms and

and villages. This distribution served the purpose of explaining certain principles; but when examined relatively to other circumstances which at that time I had not in my eye, it will be found by far too general. Let me therefore add some further observations upon that matter.

The extensive agriculture of plowing and sowing, is the proper employment of the country, and is the foundation of population in every nation fed upon its own produce. Cities are commonly surrounded by kitchen gardens, and rich grass fields; these are the proper objects of agriculture, for those who live in suburbs, or who are shut up within the walls of small towns. The gardens produce various kinds of nourishment, which cannot easily be brought from a distance, in that fresh and luxuriant state which pleases the eye, and conduces to health. They offer a continual occupation to man, and very little for cattle, therefore are properly situated in the proximity of towns and cities. The grass fields again are commonly either grazed by cows, for the production of milk, butter, cream, &c. which suffer by long carriage; or kept in pasture for preserving fatted animals in good order until the markets demand them; or they are cut in grass for the cattle of the city. They may also be turned into hay with profit; because the carriage of a bulky commodity from a great distance is sometimes too expensive. Thus we commonly find agriculture disposed in the following manner. In the center stands the city surrounded by kitchen gardens; beyond these lies a belt of fine luxuriant pasture or hay fields; stretch beyond this and you find the beginning of what I call operose farming, plowing and sowing; beyond this lie grazing farms for the fattening of cattle; and last of all come the mountainous and large extents of unimproved or ill improved grounds, where animals are bred. This seems the natural distribution, and such I have found it almost every where established, when particular circumstances do not invert the order.

The poorness of the soil near Paris, for example, presents you with fields of rye corn at the very gates, and with the most extensive kitchen gardens and orchards,

chards, even for cherries and peaches, at a considerable distance from town. Other cities I have found, and I can cite the example of that which I at present inhabit, Padoua, where no kitchen garden is to be found near it, but every spot is covered with the richest grain; two thirds with wheat, and the remaining third with Indian corn. The reason of this is palpable. The town is of a vast extent, in proportion to the inhabitants; the gardens are all within the walls, and the dung of the city enables the soil to produce constantly. Hay is brought from a greater distance, because the expence of distributing the dung over a distant field, would be greater than that of transporting the hay by water-carriage. The farm houses here appear no larger than huts, as they really are, built by the farmers, because the space to be laboured is very small, in proportion to the produce; hence it is, that a farmer here pays the value of the full half of the crop to the landlord, and out of the remaining half, not only sows the ground and buys the dung, but furnishes the cattle and labouring instruments, nay even rebuilds his house, when occasion requires.

When first I examined these fertile plains, I began to lament the prodigal consumption of such valuable lands, in a multitude of very broad high-ways, issuing to all quarters; many of which I thought might be saved, in consideration of the vast advantage accruing upon such oeconomy: but upon further reflection I perceived that the loss was inconsiderable; for the fertility of the soil proceeding chiefly from the manure laid upon it, the loss sustained from the roads ought to be computed at no more than the value of the land when uncultivated. The case would be very different, were roads now to be changed, or new ones carried through the corn fields; the loss then would be considerable, though even that would be temporary, and only affect particular persons: for the same dung, which now supports these lands in their fertility, would quickly fertilize others in their place, and in a few years matters would stand as at present.

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These last reflections lead me naturally to examine a question which has been treated by a very polite French writer, the author of *l'Ami de l'homme*, and which comes in here naturally enough, before I put an end to this first book. Here it is.

Does an unnecessary consumption of the earth's productions, either in food, cloathing, or other wants; and a prodigal employment of fine rich fields, in gardens, avenues, great roads, and other uses which give small returns, *hurt population*, by rendering food and necessaries less abundant, in a kingdom such as France, in its present situation?

My answer is, That if France were fully cultivated and peopled, the introduction of superfluous consumption would be an abuse, and would diminish the number of inhabitants; as the contrary is the case, it proves an advantage. I shall now give my reasons for differing in opinion from the gentleman whose performance I have cited.

As the question is put, you perceive the end to be compassed is, to render food and necessaries abundant; because the abuse is considered in no other light, than relatively to the particular effect of diminishing the proper quantity of subsistence, which the king would incline to preserve, for the nourishment and uses of his people. I shall therefore confine myself chiefly to this object, and if I shew, that these superfluous employments of the surface of the earth, and prodigal consumptions of her fruits, are really no harm, but an encouragement to the improvement of the lands of France *in her present state*, I shall consider the question as sufficiently resolved: because if the abuse, as it is called, proves favourable to agriculture, it can never prove hurtful to population. However, from the inattention of the government, it may affect foreign trade, but this is an object entirely foreign to the question. But before I enter upon the subject, it is proper to observe, that I am of opinion, that any system of oeconomy which necessarily tends to corrupt the manners of a people, ought by every possible means to be discouraged,

raged, although no particular prejudice should result from it, either to population, or to plentiful subsistence.

Now, in the question before us, the only abuse I can find in these habits of extraordinary consumption, appears relative to the character of the consumers, and seems in no way to proceed from the effects of the consumption. The vices of men may, no doubt, prove the cause of their making a superfluous consumption, but the consumption they make can hardly ever be the cause of this vice. The most virtuous man in France may have the most splendid table, the richest clothes, the most magnificent equipages, the greatest number of useless horses, the most pompous palace, and most extensive gardens. The most enormous luxury to be conceived, in our acceptation of the term, so long as it is directed to no other object than the consumption of the labour and ingenuity of man, is compatible with virtue as well as with vice. This being premised, I come to the point in hand.

France, at present, is in her infancy as to improvement, although the advances she has made within a century excite the admiration of the world. I shall not go far in search of the proof of this assertion. Great tracts of her lands are still uncultivated, millions of her inhabitants are idle. When all comes to be cultivated, and all are employed, then she will be in a state of perfection, relatively to the moral possibility of being improved. The people are free, slavery is unknown, and every man is charged with feeding himself, and bringing up his children. The ports of the country are open to receive subsistence, and that nation, as much as any other, may be considered as an individual in the great society of the world; that is, may increase in power, wealth, and ease, relatively to others, in proportion to the industry of her inhabitants. This being the case, all the principles of political oeconomy, which we have been inquiring after, may freely operate in this kingdom.

France has arrived at her present pitch of luxury, relatively to consumption, by slow degrees. As she has grown in wealth, her desire of employing it has grown
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also. In proportion as her demands have increased, more hands have been employed to supply them; for no article of expence can be increased, without increasing the work of those who supply it. If the same number of inhabitants in the city of Paris consume four times as much of any necessary article as formerly, I hope it will be allowed, that the production of such necessaries must be four times as abundant, and consequently, that many more people must be employed in providing them.

What is it that encourages agriculture, but a great demand for its productions? What encourages multiplication, but a great demand for people; that is, for their work? Would any one complain of the extravagant people in Paris, if, instead of consuming those vast superfluities, they were to send them over to Dover, for a return in English gold? What is the difference between the prodigal consumption, and the sale? The one brings in money, the other brings in none: but as to food and necessaries, for providing the poor and frugal, their contingent, in either case, stands exactly the same.

But, says one, were it not for this extraordinary consumption, every thing would be cheaper. This I readily allow; but will any body say, that reducing the price of the earth's productions is a method to encourage agriculture, especially in a country where grounds are not improved, and where they cannot be improved; chiefly, because the expence surpasses all the profits which possibly can be drawn from the returns? High prices therefore, the effect of great consumption, are certainly advantageous to the extension of agriculture. If I throw my rich corn-fields into gravel-walks and gardens, I suppose they will no more come into competition with those of my neighbour, the laborious husbandman. Who will then lose by my extravagance? Not the husbandman. It will perhaps be said, the nation in general will lose; because you deprive them of their food. This might be true, were the laying waste the corn fields a sudden revolution, and extensive enough to affect the whole society; and were the
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the sea-ports and barriers of the kingdom shut : but that not being the case, the nation, upon the smallest deficiency, goes to market with her money, and loses none of her inhabitants.

OBJ. But if living is made dear, manufacturers must starve for want of employment.

ANSW. Not those who supply home consumption, but only those who supply foreigners living more cheaply ; and of such I know but few. The interest of this class shall be fully examined in another place. At present I shall only observe, that the laying waste corn fields in an industrious country, where refinement has set on foot a plan of useful husbandry, will have no other effect, than that of rendering grain for a while proportionally dearer : consequently, agriculture will be thereby encouraged ; and in a few years the loss will be repaired, by a further extension of improvement. This will make food plentiful and cheap : then numbers will increase, until it become scarce again. It is by such alternate vicissitudes, that improvement and population are carried to their height. While the improvement of lands goes forward, I must conclude, that demand for subsistence is encreasing ; and if this be not a proof of population, I am much mistaken.

I can very easily suppose, that a demand for *work* may increase considerably, in consequence of an augmentation of riches only ; because there is no bounds to the consumption of *work* ; but as for articles of nourishment the case is quite different. The most delicate liver in Paris will not put more of the earth's productions into his belly than another : he may pick and choose, but he will always find, that what he leaves will go to feed another : victuals are not thrown away in any country I have ever been in. It is not in the most extensive kitchens where there is found the most prodigal dissipation of the abundant fruits of the earth ; and it is with such that a people is fed, not with ortolans, truffles and oysters, sent from Marenne.

OBJ.

OBJ. Roads of a superfluous breadth are carried many times through the finest fields, belonging to the poor and industrious, without a proper indemnity being given.

ANSW. The with-holding the indemnity is an abuse; the loss of the fields is none *to the state*, except in such countries where the quantity of arable lands is small, as in mountainous provinces; there a proper consideration should be had to the breadth, because the loss cannot be made up. In such countries as I here describe, and I cite the Tirol for an example, I have found all the inhabitants in a manner employed in that species of agriculture, which is exercised as a method of subsisting. The little ground that is arable, is divided into very small lots; the people multiply very much, and leave the country. Those who remain are usually employed in cutting wood, for building and burning, which they send down the rivers, and in return buy corn, which comes from the south and from the north. This is the best plan of industry they can follow, without the assistance of their sovereign. Roads here are executed to great perfection, with abundance of solidity, and with a tender regard for the little ground there is. I return to France.

OBJ. A multitude of superfluous horses are kept in Paris, which consume what would feed many more inhabitants.

ANSW. True: but he who feeds the horses, because *he thinks* he has use for them, would not feed those inhabitants, because *he is sure* he has no use for them: and did he, in complaisance for the public, dismiss his cattle, the farmer, who furnishes the hay and oats, would lose a customer, and nobody would gain. These articles are produced, because they are demanded: when additional inhabitants are produced, who will demand and can pay, their demand will be answered also, as long as there is an unemployed acre in France.

OBJ. The increase of the consumption of wood for firing is hurtful to population, because it marks the extension of forests.

ANSW. This consequence I deny; both from fact and reason. From fact, because forests are not extended, and that nothing but the hand of nature, in an ill-inhabited country, seems capable of forming them. In France, forests are diminishing daily; and were it not for the jurisdiction of the *Table de marbre*, they would have been more diminished than they are. I agree, that the consumption of wood is at present infinitely greater than formerly, and likewise, that the price of it is greatly risen every where. These two circumstances rather seem to mark the contraction, than the extension of forests. But the increase of consumption and price proceed from other causes, as I shall shew, in order to point out some new principles relative to this extensive subject. 1. The increase of consumption proceeds from the increase of wealth. 2. The increase of price proceeds from the increase upon the value of labour, and not from the scarcity of forest, nor the height of the demand for firing. As to the first, I believe the fact will not be called in question, as it is one of the superfluities of consumption complained of, and put down to the account of luxury and extravagance. As to the second, the true cause of the rise of the price of that commodity demands a little more attention, and in order to point it out with some distinctness, I must first shew the political impossibility of forests becoming extended over the *arable* lands of France in her present situation.

The best proof I can offer to support my opinion is, to compare the inconsiderable value of an acre of standing forest in the king's adjudications, where thousands are sold at a time, with the value of an acre of tolerable corn lands, and then ask, if the present value of forests is so considerable, as to engage any proprietor to sow such a field for raising wood, when he must wait, perhaps 40 years, before it be fit for cutting? Add to this, that whoever plants a tree in France, comes under the jurisdiction above-mentioned, and is not at liberty to cut it down, and dispose of it, without their permission. It is in a great measure for this reason, that so few trees are seen about French villages;
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and I never heard of one example, of corn lands being sown with the seeds of forest-trees, with a view to improvement. That forests, which are well kept, may extend themselves over grounds not worth the cultivation, I do not deny; but this surely can do no harm to agriculture; and it is only in that respect; I pretend that forests in France are not at present in a way of gaining ground.

Now as to the rise in the price of wood for burning, I say, it proceeds not from the rise of the price of timber growing in forests, so much as from the increase of the price of labour, and principally of the price of transportation. This is not peculiar to France alone, but is common to all Europe almost, for the reasons I shall presently give. But in the first place, as to the matter of fact, that the rise in the price proceeds from the cause assigned, may be seen, by comparing the low price of an acre of standing forest, with the great value of the timber when brought to market: the first is the neat value of the wood; the last includes that of the labour.

Next as to the price of labour; the rise here is universal in all industrious nations, from a very plain reason, easily deducible from the principles above laid down.

While the land remained loaded with a number of superfluous mouths, while numbers were found in every province employed in agriculture, for the sake of subsistence, merely, such people were always ready to employ their idle hours and days, for a very small consideration from those who employed them. They did not then depend upon this employment for their subsistence; and a penny in their pocket purchased some superfluity for them. But when modern policy has by degrees drawn numbers from the country, the few that remain for the service of the public must now labour for their subsistence; and he who employs them, must feed them, clothe them, and provide for all their other wants. No wonder then, if labour be dearer: there is a palpable reason for the augmentation.

The price of all necessaries has risen, no doubt partly for the same reason, and this circumstance certainly enters into the combination : but work, in the country especially, has risen far beyond the proportion of the price of necessaries, and will rise still more as the lands become better purged of superfluous mouths.

Notwithstanding what I have said, I readily allow, that the great consumption of wood for burning, but more particularly for forges, has considerably raised the intrinsic value of forest lands ; but the consequence has not been, to extend the forests, as we have shewn, but to produce a general revenue from them all over the kingdom ; whereas formerly, in many provinces, they produced almost nothing. When they were cut, cattle were turned in, and by eating up the tender shoots from year to year, the forest ran into a wild neither producing timber, nor pasture. This practice was established upon the ruling principle of private interest. The land was not worth the expence of grubbing up the timber ; the timber when grown, did not compensate the loss of a few years pasture. No jurisdiction, however well administered, can check the operation of that principle ; and a statesman who would attempt it, would be called a tyrant, he would distress the husbandman, and do no service to the state.

From what has been said, I must conclude, that while the consumption of the earth's produce, and of the work of man tend to excite industry, in providing for extraordinary demands ; when the interest of foreign trade does not enter into the question ; and while there are lands enough remaining unimproved, to furnish *the first matter* ; there can be no political abuse from the misapplication or unnecessary destruction of either fruits or labour. The misapplier, or dissipator, is punished by the loss of his money ; the industrious man is rewarded by the acquisition of it. We have said, that vice is not more essentially connected with superfluity, than virtue with industry and frugality. But such questions are foreign to my subject. I would however recommend it to moralists, to study circumstances well, before they carry reformation so far, as
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to interrupt an established system in the political oeconomy of their country.

C H A P. XXI.

Recapitulation of the First Book.

I S E T out by distinguishing government from political oeconomy; calling the first the power to command, the second the talent to execute. Thus the governor may restrain, but the steward must lead, and, by direct motives of self-interest, gently conduct free and independent men to concur in certain schemes ultimately calculated for their own proper benefit. INTROD.

The object is, to provide food, other necessities and employment, not only for those who actually exist, but also for those who are to be brought into existence. This is accomplished, by engaging every one of the society to contribute to the service of others, in proportion only as he is to reap a benefit from reciprocal services. To render this practicable, the spirit of the people must be studied, the different occupations prescribed to each must first be adapted to their inclinations, and when once they have taken a taste for labour, these inclinations must be worked upon by degrees, so as to be bent towards such pursuits as are most proper for attaining the end desired.

He who sits at the head of this operation, is called the statesman. I suppose him to be constantly awake, attentive to his employment, able and uncorrupted, tender in his love for the society he governs, impartially just in his indulgence for every class of inhabitants, and disregarding of the interest of individuals, when that regard is inconsistent with the general welfare. CHAP. I.

Did I propose a plan of execution, I confess this supposition would be absurd; but as I mean nothing further than the investigation of principles, it is no more so, than to suppose a point, a straight line, a circle, or an infinite, in treating of geometry.

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CHAP. II. To prepare the way for treating this subject, in that order which the revolutions of the last centuries have pointed out as the most natural, I have made the distribution of my plan in the following order. Population and agriculture are the foundations of the whole. Civil and domestic liberty, introduced into Europe by the dissolution of the feudal form of government, set trade and industry on foot; these produced wealth and credit; these again debts and taxes; and all together established a perfectly new system of political oeconomy, the principles of which it is my intention to deduce and examine.

Population and agriculture, as I have said, must be the basis of the whole, in all ages of the world; and as they are so blended together in their connections and relations, as to make the separation of them quite incompatible with perspicuity and order, they have naturally been made the subject of the first book.

CHAP. III. I have shewn, that the first principle of multiplication is generation; the second is food: the one gives existence and life; the other preserves them.

The earth's spontaneous fruits being of a determined quantity, never can feed above a determined number. Labour is a method of augmenting the productions of nature, and in proportion to the augmentation, numbers may increase. From these positions, I conclude,

CHAP. IV. That the numbers of mankind must ever have been in proportion to the produce of the earth; and this produce must constantly be in the compound ratio of the fertility of the soil, and labour of the inhabitants. Consequently, there can be no determined universal proportion over the world, between the number of those necessary for labouring the soil, and of those who may be maintained by its produce. Here I am led to examine the motives which may induce one part of a free people to labour, in order to feed the other.

This I shew to proceed from the different wants to which mankind are liable.

Here

Here I introduce a statesman, as being necessary to CHAP. V.
model the spirit of a society. He contrives and encourages reciprocal objects of want, which have each their allurements. This engages every one in a different occupation, and must hurt the former simplicity of manners. I shew how essential it is, to keep a just balance throughout every part of industry, that no discouragement may be cast upon any branch of it, either from superfluity, or want; and I have pointed out, how the dividing of food between parents and children, is the means of bringing on scarcity, which inconveniency can only be removed by an augmentation of labour.

If a society does not concur in this plan of reciprocal industry, their numbers will cease to increase; because the industrious will not feed the idle. This I call a state of a moral impossibility of increase in numbers, and I distinguish it from the physical impossibility, which can take place only when nature itself, not man, refuses to produce subsistence. From this I apply to each particular society what I had before found applicable to mankind in general; to wit,

That the inhabitants of every country must be in the compound proportion of the quantity of food produced in it, and of the industry of the lower classes. If the food produced surpasses the proportion of industry, the balance of food will be exported; if the industry surpasses the proportion of food, its deficiency must be supplied by imports.

Reciprocal wants excite to labour; consequently, those whose labour is not directed towards the cultivation of the soil, must live upon a surplus produced by those who do. This divides the society into two classes. The one I call farmers, the other free hands.

As the creating these reciprocal wants was what set the society to work, and distributed them naturally into the two classes we have mentioned; so the augmentation of wants will require an augmentation of free hands, and their demand for food will increase agriculture.

CHAP. VI Here I define luxury to mean no more than the consumption of superfluity, or the supplying of wants not essentially necessary to life; and, I say, that a taste for superfluity will introduce the use of money, which I represent as the general object of want, that is of desire, among mankind; and I shew how an eagerness to acquire it becomes an universal passion, a means of increasing industry among the free hands; consequently, of augmenting their numbers; consequently, of promoting agriculture for their subsistence.

The whole operation I have been describing proceeds upon one supposition, to wit, that the people have a taste for labour, and the rich for superfluity. If these be covetous and admirers of simplicity; or those be lazy and void of ambition, the principles laid down will have no effect: and so in fact we find, that it is not in the finest countries in the world where most inhabitants are found, but in the most industrious.

Let it therefore never be said, there are too many manufacturers in a free country. It is the same thing as if it was said, there are too few idle persons, too few beggars, and too many husbandmen.

CHAP. VII Here I break off my subject, to answer an objection arising from these principles.

OBJ. How could the simplicity of the antients be compatible with a great multiplication?

ANSW. In antient times men were forced to labour the ground because they were slaves to others. In modern times the operation is more complex, and as a statesman cannot make slaves of his subjects, he must engage them to become slaves to their own passions and desires; this is the only method to make them labour the ground, and provided this be accomplished, by whatever means it is brought about, mankind will increase.

CHAP. VIII.

This question being dismissed, I point out a method of estimating the proportion of numbers between the farmers and free hands of a country, only as an illustration

tion of the principle already laid down, to wit, that it is the surplus of the farmers which goes for the subsistence of the others.

This surplus I shew to be the same thing as the value of the land rents; and hence I conclude.

1st, That the rising of the rents of lands proves the augmentation of industry, and the multiplication of free hands; but as rents may rise, and yet the number of inhabitants continue the same as before, I infer,

2dly, That the revolution must then mark the purging of the lands of superfluous mouths, and forcing these to quit their mother earth, in order to retire to towns and villages, where they may usefully swell the number of the free hands, and apply to industry.

3dly, That the more a country is in tillage, the more it is inhabited, and the fewer free hands are to be found: that the more it is laid into pasture, the less it is inhabited, and the greater is the proportion of free hands.

Next I consider the principles which determine the place of residence. CHAP. IX.

The farmers must live upon, or near the spot they labour: that is, either upon their farms or in their villages.

The free hands I divide into two conditions. The first composed of the proprietors of the surplus of food, that is the landlords; together with those who can purchase it with a revenue already acquired, that is, the monied interest. The second condition is composed of those who must purchase some of this surplus with their daily labour.

Those of the first condition may live where they please; those of the second must live where they can.

When those of the first choose to live together, a considerable number of those of the second must follow them, in order to supply their consumption. This forms towns and cities.

When a statesman places the whole administration of public affairs in the same city, this swells a capital.

When manufacturers get together in bodies, they depend not directly upon consumers, but upon merchants. The situation of their residence depends upon

on circumstances relative to their occupation, provision and transportation of their work. From this hamlets swell into villages, and villages into towns. Sea ports owe their establishment to the increase of foreign trade.

CHAP. X.

As the collecting such numbers of inhabitants together is a late revolution in the political oeconomy of Europe, I endeavour to give a short historical representation of it, and examine the consequences which result from it, both to the state from the growth of cities, and to the land proprietors from the desertion, as I may call it, of so many vassals and dependents. One principal effect I observe to be, the additional occupation it has given to statesmen; that is to say, political oeconomy is thereby become more complex.

CHAP.
XI.

Formerly the inhabitants were dispersed, and by sucking, as it were, their mother earth, were more easily subsisted: now industry has gathered them together, and industry must support them. The failing of industry, is like the cutting off the subsistence of an army. This is the care of a general to prevent that the care of a statesman.

The supporting industry means no more than employing those who must live by it; and keeping their numbers in proportion to their work. The first point therefore, is to find work for the present inhabitants; the second is, to make them multiply, if the demand for their labour increases.

Increasing numbers will never remove, but rather augment such inconveniencies, as proceed from the abuses of those already existing.

In order to employ a people rightly, it is proper to know the exact state of numbers necessary for supplying the demand for every occupation; to distribute those who must live by their industry into proper classes; and to make every class (as far as possible) at least, supply their own numbers by propagation.

Where the value of any species of industry is not sufficient for that purpose, a proper remedy must be applied. When any are found incapable, from age or infirmities, to gain their livelihood, they must be maintained. Infants exposed by their parents must be taken care of, and thrown back into the lowest classes of the people;

people; the most numerous always, and the most difficult to be supported by their own propagation. Marriage, without assistance, will not succeed in a class who gain no more by their industry than a personal physical necessary. Here our oeconomy differs widely from that of the antients. Among them marriage was encouraged in many ways, but it was only for the free. These did not amount to one half of the people. The slaves who represented our lower classes were recruited from other countries, as they are at present in America.

If, therefore, according to modern oeconomy, the lowest species of labour must be kept cheap, in order to make manufactures flourish, the state must be at the expence of the children; for as matters stand, either the unmarried gain as much as the married should do, and become extravagant; or the married gain no more than the unmarried can do, and become miserable. An unequal competition between people of the same class, always implies one of these inconveniencies; and from these principally proceeds the decay and misery of such numbers in all modern states, as well as the constant complaints of the augmentation of the price of labour.

Every individual is equally inspired with a desire to propagate. A people can no more remain without propagating, than a tree without growing: but no more can live than can be fed; and as all augmentations of food must come at last to a stop, so soon as this happens, a people increase no more; that is to say, the proportion of those who die annually increases. This insensibly deters from propagation, because we are rational creatures. But still there are some who, though rational, are not provident; these marry and produce. This I call vicious propagation. Hence I distinguish propagation into two branches, to wit, multiplication, which goes on among those who can feed what they breed, and mere procreation; which takes place among those who cannot maintain their offspring.

This last produces a political disease, which mortality cures at the expence of much misery; as forest trees which are not pruned, dress themselves and become vigorous at the expence of numbers which die all around.

How

How to propose a remedy for this inconveniency, without laying some restraint upon marriage; how to lay a restraint upon marriage without shocking the spirit of the times, I own I cannot find out; so I leave every one to conjecture.

CHAP.
XIII.

Although a complete remedy cannot be obtained against the effects of abusive procreation; yet with the help of accurate lists of births and deaths for every class of people, many expedients may be fallen upon to preserve the few who escape the dangers of their infancy, from falling back into the unhappy class which produced them. From these lists the degree of mortality and nature of diseases, as well as the difference between the propagation of the easy and of the miserable, will plainly appear; and if it be the duty of a statesman to keep all his people busy, he certainly should acquire the most exact knowledge possible of the numbers and propagation of those of every denomination, that he may prevent any class from rising above or sinking below the standard, which is best proportioned to the demand for their respective industry.

CHAP.
XIV.

Population and agriculture have so close a connection with one another, that I find even the abuses to which they are severally liable, perfectly similar. I have observed how naturally it must happen, that when too many of a society propagate, a part must starve; when too many cultivate, a part must starve also. Here is the reason:

The more of a people cultivate a country, the smaller portion of it must fall to every man's share; and when these portions are reduced so low as to produce no more than what is necessary to feed the labourers, then agriculture is stocked to the utmost.

From this I divide agriculture into two branches; the one useful, the other abusive. The first is a trade, that is, a method of producing not only subsistence for the labourers, but also a surplus to be provided for the free hands of the state, for their subsistence, and for an equivalent either in work itself, or for the produce of it. The second is no trade, because it applies no alienation, but is purely a method of subsisting. If, therefore,

fore, in any country where agriculture is exercised as a trade, and where there are many free hands, the farmers should be allowed to multiply up to the proportion of the whole produce; would not all the free hands be forced to starve? What would be the advantage of having so many farmers; for there is one evident loss? Every one would be entirely taken up in feeding himself, wants would disappear; life indeed would be simplified to the last degree, but the bond of society, mutual dependence, would be dissolved: therefore I call this species abusive, in proportion as these effects are produced. I cite several examples of this abusive agriculture in different countries, where I take occasion to observe, that the christian virtue, charity, in proportion to its extent, is as conducive to multiplication as either slavery, or industry: whatever gives food must give numbers. I do not say that charity is conducive to industry.

I next apply these general principles to a particular representation given of the state of population in the British isles, from which I conclude, that population there is not obstructed, either by losses sustained from war and commerce, or from the exportation of their subsistence, but from the political situation of that country, which throws it at present into a moral incapacity of augmenting in numbers.

CHAP.
XV.

The establishment of trade and industry naturally rectifies this misapplication of agriculture, by purging the land of superfluous mouths, and thereby reduces it, as it ought to be, to a trade calculated to furnish a surplus, which comes to be sold for the labour of all the industrious. It is this alone which can rivet the bond of general dependence among free men who must live by their industry; by making one part laborious farmers, and the other ingenious tradesmen and manufacturers. It is by the vibration of the balance between these two classes, that multiplication and agriculture are carried to their height. When industry goes on too fast, free hands multiply above the standard, that is, their scale sinks; this raises the price of food, and gives an additional encouragement to agriculture: when this again becomes the more weighty, food becomes plentiful

CHAP.
XVI.

ful and cheap, then numbers augment anew. These reflections lead me to consider the effects of plentiful and scarce years in modern times, when famines are almost things unknown; and I conclude,

CHAP.
XVII.

That were plentiful years more common, mankind would be more numerous; that were scarce years more frequent, numbers would diminish. Then applying this observation to the state of exportations of grain from England, I am tempted to infer, that this kingdom, the most fertile perhaps in Europe, has never been found to produce, in one year, eighteen months full subsistence for all its inhabitants; nor ever less than ten months scanty provision in the years of the greatest sterility.

CHAP.
XVIII.

When a country is fully peopled and continues to be industrious, food will come from abroad. When a loaf is to be had, the rich will eat it, though at the distance of a mile; and the poor may starve, though at the next door. It is the demand of the rich, who multiply as much as they incline, which encourages agriculture even in foreign nations; therefore I conclude, that this multiplication is the cause, and that the progress of agriculture is but the effect of it.

A country once fully stocked may diminish in numbers, and still remain stocked. This must proceed from a change in the manner of living; as when an indolent people quit the consumption of the more abundant productions of the earth, to seek after delicacies. On the other hand, the industrious bring an additional supply from abroad, and by furnishing strangers with the produce of their labour, they still go on and increase in numbers. This is the case of Holland: and this scheme will go on, until abuses at home raise the price of labour; and experience abroad, that universal school-mistress, teaches foreigners to profit of their own advantages.

When food ceases to be augmented, numbers come to a stand; but trade may still go on and increase wealth: this will hire armies of foreigners; so the traders may read of their own battles, victories, and trophies, and by spending their money, never smell gun-powder.

When

When they cannot augment their numbers, they will introduce machines into many manufactures; and these will supply the want, without adding to the consumption of their food. Foreigners, astonished at a novelty which lowers prices, and checks their growing industry, will copy the inventions; but being no more than scholars, who go awkwardly to work, this improvement will throw many of their hands into idleness: the machines will be cried down, and the traders will laugh in their sleeves, well knowing that nothing is more easy than to put work into the hands of an industrious man made idle. Wit and genius, in short, will always set him who possesses them above the level of his fellows, and when one resource fails him, he will contrive another.

CHAP.
XIX.

The wit I here mention is not that acquired in the closet; for there one may learn, that an equal distribution of lands was so favourable to multiplication in ancient times, that it must be owing to a contrary practice, that our numbers now are so much smaller. But he who walks abroad, and sees millions who have not one moment's time to put a spade in the ground, so busily are they employed in that branch of industry which is put into their hands, must readily conclude, that circumstances are changed, and that the fewer people are necessary for feeding the whole society, the more must remain free to be employed in providing every other thing that can make life agreeable, both to themselves and to strangers; who in return deliver into the hands of their industrious servants, the ensigns of superiority and dominion, money. Who is best employed, he who works to feed himself, or he who works to be fed, cloathed, and supplied, disposing only of his superfluities to those whom, consequently, he shortly must command? This is obtained by the introduction of the useful species of agriculture, and by the explosion of the abusive. And when strangers are so kind as to allow their neighbours the privilege of clothing and adorning them, good nature, not to say self-interest, demands, in return, that the first be indulged in a permission to exercise those branches of toil and labour which are the least profitable, though the most necessary for the subsistence of the latter.

CHAP.
XX.

When

When the eye of humanity considers the toil of the farmer, and the indifference of his rich countryman in squandering, the abuse appears offensive. The rich man is advised to consider of the pain incurred by the poor husbandman, in consequence of his dissipation. Upon this the rich, touched with compassion, simplifies his way of life. The husbandman in a fury falls upon the reformer, and, in his rough way, gives him to understand, that he by no means looks upon him as his friend: for, says he, do you take me for the rich man's slave; or do you imagine that I toil as I do, either by his command, or for any consideration for him? Not in the least, it is purely for his money; and from the time you persuaded him to become an oeconomist, here am I, and my poor family, starving. We are not the only people in this situation; there is my neighbour who has all his hay and oats upon hand, since, by your instigation, likewise, he dismissed his useless horses. Do you think he will give his oats in charity to feed the poor? He is poor enough himself, and all those who have been working to get this provision together are in no better humour than I am. Hold your tongue, says the reformer, you are a parcel of extravagant fellows, you labourers. A hundred years ago, one could have got as many of you as one pleased, for the half of what you cost us at present. Give us back our lands, says the other, at the rate we had them; and let us all be well fed before we give you a farthing, and you shall have us as cheap as ever. But do you think that after you have chased one half of us into towns, and raised your rents with the price of their food, that we can work twice as hard, and serve you as formerly? No, Sir! you ought to have more sense than to expect it.

This is a sketch of the first book; I thought a short abridgment of it might be of service for recollecting ideas, and ranging them in order before I proceed.

END OF THE FIRST BOOK.

AN
INQUIRY
INTO THE
Principles of POLITICAL OECONOMY.

BOOK II.
OF TRADE AND INDUSTRY.

INTRODUCTION.

BEFORE I enter upon this second book, I must premise a word of connexion, in order to conduct the ideas of my reader by the same way through which the chain of my own thoughts, and the distribution of my plan have naturally led me.

My principal view hitherto has been to prepare the way for an examination of the principles of modern politics, by inquiring into those which have, less or more, operated regular effects in all the ages of the world.

In doing this, I confess, it has been impossible for me not to anticipate many things which, according to the plan I have laid down, will in some measure involve me in repetitions.

I propose to investigate principles which are all relative and depending upon one another. It is impossible to treat of these with distinctness, without applying

them to the objects on which they have an influence; and as the same principles extend their influence to several branches of my subject, those of my readers who keep them chiefly in their eye, will not find great variety in the different applications of them.

In all compositions of this kind, two things are principally requisite. The first is, to represent such ideas as are abstract, clearly, simply, and uncompounded. This part resembles the forging out the links of a chain. The second is, to dispose those ideas in a proper order; that is, according to their most immediate relations. When such a composition is laid before a good understanding, memory finishes the work, by cementing the links together; and providing any one of them can be retained, the whole will follow of course.

Now the relations between the different principles of which I treat, are indeed striking to such as are accustomed to abstract reasoning, but not near so much so, as when the application of them is made to different examples.

The principle of self-interest will serve as a general key to this inquiry; and it may, in one sense, be considered as the ruling principle of my subject, and may therefore be traced throughout the whole. This is the main spring, and only motive which a statesman should make use of, to engage a free people to concur in the plans which he lays down for their government.

I beg I may not here be understood to mean, that self-interest should conduct the statesman: by no means. Self-interest, when considered with regard to him, is public spirit; and it can only be called self-interest, when it is applied to those who are to be governed by it.

From this principle men are engaged to act in a thousand different ways, and every action draws after it certain necessary consequences. The question therefore constantly under consideration comes to be, what will mankind find it their interest to do, under such and such circumstances?

In order to exhaust the subject of political oeconomy, I have proposed to treat the principles of it in relation to circumstances; and as these are infinite, I have taken them by categories; that is, by the more general combinations, which modern policy has formed. These, for the sake of order, I have represented as all hanging in a chain of consequences, and depending on one another. See Book I. Chap. ii.

I found this the best method for extending my plan; from which it is natural to infer, that it will also prove the best for enabling my readers to retain it.

I shall do what I can to diversify, by various circumstances, the repetitions which this disposition must lead me into. There is no seeing a whole kingdom, without passing now and then through a town which one has seen before. I shall therefore imitate the traveller, who, upon such occasions, makes his stay very short, unless some new curiosity should happen to engage his attention.

I have said, that self-interest is the ruling principle of my subject, and I have so explained myself, as to prevent any one from supposing, that I consider it as the universal spring of human actions. Here is the light in which I want to represent this matter.

The best way to govern a society, and to engage every one to conduct himself according to a plan, is for the statesman to form a system of administration, the most consistent possible with the interest of every individual, and never to flatter himself that his people will be brought to act in general, and in matters which purely regard the public, from any other principle than private interest. This is the utmost length to which I pretend to carry my position. As to what regards the merit and demerit of actions in general, I think it fully as absurd to say, that no action is truly virtuous, as to affirm, that none is really vitious.

It might perhaps be expected, that, in treating of politics, I should have brought in public spirit also, as a principle of action; whereas all I require with respect to this principle is, only a restraint from it; and

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even this is, perhaps, too much to be taken for granted: Were public spirit, instead of private utility, to become the spring of action in the individuals of a well-governed state, I apprehend, it would spoil all. I explain myself.

Public spirit, in my way of treating this subject, is as superfluous in the governed, as it ought to be all-powerful in the statesman; at least, if it is not altogether superfluous, it is fully as much so, as miracles are in a religion once fully established. Both are admirable at setting out, but would shake every thing loose were they to continue to be common and familiar. Were miracles wrought every day, the laws of nature would no longer be laws: and were every one to act for the public, and neglect himself, the statesman would be bewildered, and the supposition is ridiculous.

I expect, therefore, that every man is to act for his own interest in what regards the public; and, politically speaking, every one ought to do so. It is the combination of every private interest which forms the public good, and of this the public, that is, the statesman, only can judge. You must love your country. Why? Because it is yours. But you must not prefer your own interest to that of your country. This, I agree, is perfectly just and right; but this means no more, than that you are to abstain from acting to its prejudice, even though your own private interest should demand it; that is, you should abstain from unlawful gain. Count Julian, for example, who, from private resentment, it is said, brought the Moors into Spain, and ruined his country, transgressed this maxim. A spy in an army, or in a cabinet, who betrays the secrets of his country, and he who sells his trust, are in the same case: defrauding the state is, among many others, a notorious example of this. To suppose men, in general, honest in such matters, would be absurd. The legislature therefore ought to make good laws, and those who transgress them ought to be speedily, severely, and most certainly punished. This belongs to the coercive part of government, and falling beyond the limits of my subject, is ever taken for granted.

Were

Were the principle of public spirit carried further, were a people to become quite disinterested, there would be no possibility of governing them. Every one might consider the interest of his country in a different light, and many might join in the ruin of it, by endeavouring to promote its advantages. Were a rich merchant to begin and sell his goods without profit, what would become of trade? Were another to defray the extraordinary expence of some workmen in a hard year, in order to enable them to carry on their industry, without raising their price, what would become of others, who had not the like advantages? Were a man of a large landed estate to distribute his corn rents at a low price in a year of scarcity, what would become of the poor farmers? Were people to feed all who would ask charity, what would become of industry? These operations of public spirit ought to be left to the public, and all that is required of individuals is, not to endeavour to defeat them.

This is the regular distribution of things, and it is only this which comes under my consideration.

In ill-administred governments I admire as much as any one every act of public spirit, every sentiment of disinterestedness, and nobody can have a higher esteem for every person remarkable for them.

The less attentive any government is to do their duty, the more essential it is that every individual be animated by *that* spirit, which then languishes in the very part where it ought to flourish with the greatest strength and vigour; and on the other hand, the more public spirit is shewn in the administration of public affairs, the less occasion has the state for assistance from individuals.

Now as I suppose my statesman to do his duty in the most minute particulars, so I allow every one of his subjects to follow the dictates of his private interest. All I require is an exact obedience to the laws. This also is the interest of every one, for he who transgresses ought most undoubtedly to be punished: and this is all the public spirit which any perfect government has occasion for.

C H A P. I.

Of the reciprocal Connections between Trade and Industry.

I AM now going to treat of trade and industry, two different subjects, but which are as thoroughly blended together, as those we have discussed in the first book. Similar to these in their mutual operations, they are reciprocally aiding and assisting to each other, and it is by the constant vibration of the balance between them, that both are carried to their height of perfection and refinement.

TRADE is an operation, by which the wealth, or work, either of individuals, or of societies, may be exchanged, by a set of men called merchants, for an equivalent, proper for supplying every want, without any interruption to industry, or any check upon consumption.

INDUSTRY is the application to ingenious labour in a free man, in order to procure, by the means of trade, an equivalent, fit for the supplying every want.

I must observe, that these definitions are only just relatively to my subject, and to one another: for *trade* may exist without *industry*, because things produced partly by nature may be exchanged between men; *industry* may be exercised without *trade*, because a man may be very ingenious in working to supply his own consumption, and where there is no exchange, there can be no *trade*. *Industry* likewise is different from *labour*. *Industry*, as I understand the term, must be voluntary; *labour* may be forced: the one and the other may produce the same effect, but the political consequences are vastly different.

Industry, therefore, is only applicable to free men; *labour* may be performed by slaves.

Let me examine this last distinction a little more closely, the better to try whether it be just, and to point out the consequences which result from it.

I have

I have said, that without the assistance of one of the three principles of multiplication, to wit, slavery, industry, or charity, there was no possibility of making mankind subsist, so as to be serviceable to one another, in greater numbers than those proportioned to the spontaneous fruits of the earth. Slavery and industry are quite compatible with the selfish nature of man, and may therefore be generally established in any society: charity again is a refinement upon humanity, and therefore, I apprehend, it must ever be precarious.

Now I take slavery and industry to be equally compatible with great multiplication, but incompatible with one another, without great restrictions laid upon the first. It is a very hard matter to introduce industry into a country where slavery is established; because of the unequal competition between the work of slaves and that of free men, supposing both equally admitted to market. Here is the reason:

The slaves have all their particular masters, who can take better care of *them*, than any statesman can take of the industrious freemen; because their liberty is an obstacle to his care. The slaves have all their wants supplied by the master, who may keep them within the limits of sobriety. He may either recruit their numbers from abroad, or take care of the children, just as he finds it his advantage. If the latter should prove unprofitable, either the children die for want of care, or by promiscuous living few are born, or by keeping the sexes asunder, they are prevented from breeding at all. A troop of manufacturing slaves, considered in a political light, will be found all employed, all provided for, and their work, when brought to market by the master, may be afforded much cheaper, than the like performed by freemen, who must every one provide for himself, and who may perhaps have a separate house, a wife, and children, to maintain, and all this from an industry, which produces no more, nay not so much, as that of a single slave, who has no avocation from labour. Why do large undertakings in the manufacturing way ruin

private industry, but by coming nearer to the simplicity of slaves. Could the sugar islands be cultivated to any advantage by hired labour? Were not the expences of rearing children supposed to be great, would slaves ever be imported? Certainly not: and yet it is still a doubt with me, whether or not a proper regulation for bringing up the children of slaves might not turn this expedient to a better account, than the constant importation of them. But this is foreign to the present purpose. All I intend here to observe is, the consequences of a *competition* between the work of slaves and of free men; from which competition I infer, that, without judicious regulations, it must be impossible for industry ever to get the better of the disadvantages to which it will necessarily be exposed at first, in a state where slavery is already introduced.

These regulations ought to prevent the competition between the industrious freemen and the masters of slaves, by appropriating the occupation of each to different objects: to confine slavery, for example, to the country; that is, to set the slaves apart for agriculture, and to exclude them from every other service of work. With such a regulation *perhaps* industry might succeed. This was not the case of old; industry did not succeed as at present: and to this I attribute the simplicity of those times.

It is not so difficult to introduce slavery into a state where liberty is established; because such a revolution might be brought about by force and violence, which make every thing give way; and, for the reasons above-mentioned, I must conclude, that the consequences of such a revolution would tend to extinguish, or at least, without the greatest precaution, greatly check the progress of industry: but were such precautions properly taken; were slavery reduced to a temporary and conditional service, and put under proper regulations; it might prove, of all others, the most excellent expedient for rendering the lower classes of a people happy and flourishing; and for preventing that vicious procreation, from which the great misery to which they are exposed at present chiefly proceeds. But
as

as every modification of slavery is quite contrary to the spirit of modern times, I shall carry such speculations no further. Thus much I have thought it necessary to observe, only by the way, for the sake of some principles which I shall have occasion afterwards to apply to our own oeconomy; for wherever any notable advantage is found accompanying slavery, it is the duty of a modern statesman to fall upon a method of profiting by it, without wounding the spirit of European liberty. And this he may accomplish in a thousand ways, by the aid of good laws, calculated to cut off from the lower classes of a people any interest they can have in involving themselves in want and misery, opening to them at the same time an easy progress towards prosperity and ease.

Here follows an exposition of the principles, from which I was led to say, in a former chapter, that the failure of the slavish form of the feudal government, and the extension thereby given to civil and domestic liberty, were the source from which the whole system of modern polity has sprung.

Under the feudal form, the higher classes were perhaps more free than at present, but the lower classes were either slaves, or under a most servile dependence, which is entirely the same thing as to the consequence of interrupting the progress of private industry.

I cannot pretend to advance, as a confirmation of this doctrine, that the establishment of slavery in our colonies in America was made with a view to promote agriculture, and to curb manufactures in the new world, because I do not know much of the sentiments of politicians at that time: but if it be true, that slavery has the effect of advancing agriculture, and other laborious operations which are of a simple nature, and at the same time of discouraging invention and ingenuity; and if the mother-country has occasion for the produce of the first, in order to provide or to employ those who are taken up at home in the prosecution of the latter; then I must conclude, that slavery *has been* very *luckily*, if not *politically*, established to compass such an end: and therefore, if any colony, where
slavery

slavery is not common, shall ever begin to rival the industry of the mother-country, a very good way of frustrating the attempt will be, to encourage the introduction of slaves into such colonies, without any restrictions, and allow it to work its natural effect.

Having given the definition of trade and industry, as relative to my inquiry, I come now to examine their immediate connections, the better to cement the subject of this book, with the principles deduced in the former.

In treating of the reciprocal wants of a society, and in shewing how their being supplied by labour and ingenuity naturally tends to increase population on one hand, and agriculture on the other, the better to simplify our ideas, we supposed the transition to be direct from the manufacturer to the consumer, and both to be members of the same society. Matters now become more complex, by the introduction of trade among different nations, which is a method of collecting and distributing the produce of industry, by the interposition of a third principle. Trade receives from a thousand hands, and distributes to as many.

To ask, whether trade owes its beginning to industry, or industry to trade, is like asking, whether the motion of the heart is owing to the blood, or the motion of the blood to the heart. Both the one and the other, I suppose, are formed by such insensible degrees, that it is impossible to determine where the motion begins. But so soon as the body comes to be perfectly formed, I have little doubt of the heart's being the principle of circulation. Let me apply this to the present question.

A man must first exist, before he can feel want; he must want, that is, desire, before he will demand; and he must demand, before he can receive. This is a natural chain, and from it we have concluded in Book I, that population is the cause, and agriculture the effect.

By a parallel reason it may be alledged, that as wants excite to industry, and are considered as the cause of it; and as the produce of industry cannot be exchanged without trade; so trade must be an effect of industry.

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To this I agree: but I must observe, that this exchange does not convey my idea of trade, although I admit, that it is the root from which the other springs; it is the feed, but not the plant; and trade, as we have defined it, conveys another idea. The workman must not be interrupted, in order to seek for an exchange, nor the consumer put to the trouble of finding out the manufacturer. The object of trade therefore is no more than a new want, which calls for a set of men to supply it; and trade has a powerful effect in promoting industry, by facilitating the consumption of its produce.

While wants continue simple and few, a workman finds time enough to distribute all his work: when wants become more multiplied, men must work harder; time becomes precious; hence trade is introduced. They who want to consume, send the merchant, in a manner, to the workman, for his labour, and do not go themselves; the workman sells to this interposed person, and does not look out for a consumer. Let me now take a familiar instance of infant trade, in order to shew how it grows and refines: this will illustrate what I have been saying.

I walk out of the gates of a city in a morning, and meet with five hundred persons, men and women, every one bringing to market a small parcel of herbs, chickens, eggs, fruit, &c. It occurs to me immediately, that these people must have little to do at home, since they come to market for so small a value. Some years afterwards, I find nothing but horses, carts, and waggons, carrying the same provisions. I must then conclude, that either those I met before are no more in the country, but purged off, as being found useless, after a method has been found of collecting all their burdens into a few carts; or that they have found out a more profitable employment than carrying eggs and greens to market. Which ever happens to be the case, there will be the introduction of what I call trade; to wit, this collecting of eggs, fruit, fowl, &c. from twenty hands, in order to distribute it to as many more within the walls. The consequence is, that a great deal

deal of labour is saved; that is to say, the cart gives time to twenty people to labour, if they incline; and when wants increase, they will be ready to supply them.

We cannot therefore say, that trade will force industry, or that industry will force trade; but we may say, that trade will facilitate industry, and that industry will support trade. Both the one and the other however depend upon a third principle; to wit, a taste for superfluity, in those who have an equivalent to give for it. This taste will produce demand, and this again will become the main spring of the whole operation.

C H A P. II.

Of Demand.

THIS is no new subject; it is only going over what has been treated of very extensively in the first book under another name, and relatively to other circumstances. *These* ideas were there kept as simple as possible; *here* they take on a more complex form, and appear in a new dress.

The wants of mankind were said to promote their multiplication, by augmenting the demand for the food of the free hands, who, by supplying those wants, are enabled to offer an equivalent for their food, to the farmers who produced it; and as this way of bartering is a representation of trade in its infancy, it is no wonder that trade, when grown up, should still preserve a resemblance to it.

Demand, considered as a term appropriated to trade, will now be used in place of *wants*, the term used in the first book relatively to bartering; we must therefore expect, that the operations of the same principle, under different appellations, will constantly appear similar in every application we can make of it, to different circumstances and combinations.

Whether

Whether this term be applied to bartering or to trade, it must constantly appear reciprocal. If I demand a pair of shoes, the shoemaker either demands money, or something else for his own use. To prevent therefore the ambiguity of a term, which, from the sterility of language, is taken in different acceptations, according to the circumstances which are supposed to accompany it, I shall endeavour shortly to analyze it.

1^{mo}. Demand is ever understood to be relative to merchandize. A demand for money, except in bills of exchange, is never called demand. When those who have merchandize upon hand, are desirous of converting them into money, they are said to offer to sale; and if, in order to find a buyer, they lower their price, then, in place of saying the demand for money is high, we say the demand for goods is low.

2^{do}. Suppose a ship to arrive at a port loaded with goods, with an intention to purchase others in return, the operation only becomes double. The ship offers to sale, and the demand of the port is said to be high or low, according to the height of the price offered, not according to the quantity demanded, or number of demanders. When all is sold, then the ship becomes demander; and if his demand be proportionally higher than the former, we say upon the whole, that the demand is for the commodities of the port; that is, the port offers, and the ship demands. This I call reciprocal demand.

3^{tio}. Demand is either simple or compound. Simple, when the demander is but *one*, compound, when *they are more*. But this is not so much relative to persons as to interests. Twenty people demanding from the same determined interest form but a simple demand; it becomes compound or high, when different interests produce a competition. It may therefore be said, that when there is no competition among buyers, demand is simple, let the quantity demanded be great or small, let the buyers be few or many. When therefore in the contract of barter the demand upon one
side

side is simple, upon the other compound, that which is compound is constantly called the demand, the other not.

4to. Demand is either great or small: great, when the *quantity* demanded is great; small, when the *quantity* demanded is small.

5to. Demand is either high or low: high, when the competition among the *buyers* is great; low, when the competition among the *sellers* is great. From these definitions it follows, that the consequence of a great demand, is a great sale; the consequence of a high demand, is a great price. The consequence of a small demand, is a small sale; the consequence of a low demand, is a small price.

6to. The nature of demand is to encourage industry; and when it is regularly made, the effect of it is, that the supply for the most part is found to be in proportion to it, and then the demand is commonly simple. It becomes compound from other circumstances. As when it is irregular, that is, unexpected, or when the usual supply fails; the consequence of which is, that the provision made for the demand, falling short of the just proportion, occasions a competition among the buyers, and raises the current, that is, the ordinary prices. From this it is, that we commonly say, demand raises prices. Prices are high or low, according to demand. These expressions are just; because the sterility of language obliges us there to attend to circumstances which are only implied.

Demand is understood to be *high* or *low*, relatively to the common rate of it, or to the competition of buyers, to obtain the provision made for it. When demand is relative to the quantity demanded, it must be called great or small, as has been said.

7mo. Demand has not always the same effect in raising prices: we must therefore carefully attend to the difference between a demand for things of the first necessity for life, and for things indifferent; also between a demand made by the immediate consumers, and one made by merchants, who buy in order to sell again.

both

both cases the competition will have different effects. Things of absolute necessity must be procured, let the price be ever so great: consumers who have no view to profit, but to satisfy their desires, will enter into a stronger competition than merchants, who are animated by no passion, and who are regulated in what they offer by their prospect of gain. Hence the great difference in the price of grain in different years; hence the uniform standard of the price of merchandize, in fairs of distribution, such as Frankfort, Beaucaire, &c. hence, also, the advantage which consumers find in making their provision at the same time that merchants make theirs; hence the sudden rise and fall in the price of labouring cattle in country markets, where every one provides for himself.

Let what has been said suffice at setting out: this principle will be much better explained by its application as we advance, than by all the abstract distinctions I am capable to give of it.

C H A P. III.

Of the first Principles of bartering, and how this grows into Trade.

I MUST now begin by tracing trade to its source, in order to reduce it to its first principles.

The most simple of all trade, is that which is carried on by bartering the necessary articles of subsistence. If we suppose the earth free to the first possessor, this person who cultivates it will first draw from it his food, and the surplus will be the object of barter: he will give this in exchange to any one who will supply his other wants. This (as has been said) naturally supposes both a surplus quantity of food produced by labour, and also free hands; for he who makes a trade of agriculture cannot supply himself with all other necessities, as well as food; and he who makes a trade of supplying the farmers with such necessities, in exchange

change for his surplus of food, cannot be employed in producing that food. The more the necessities of man increase, *cæteris paribus*, the more free hands are required to supply them; and the more free hands are required, the more surplus food must be produced by additional labour, to supply their demand.

This is the least complex kind of trade, and may be carried on to a greater or less extent, in different countries, according to the different degrees of the wants to be supplied. In a country where there is no money, nor any thing equivalent to it, I imagine the wants of mankind will be confined to few objects; to wit, the removing the inconveniencies of hunger, thirst, cold, heat, danger, and the like. A free man who by his industry can procure all the comforts of a simple life, will enjoy his rest, and work no more: And, in general, all increase of work will cease, so soon as the demand for the purposes mentioned comes to be satisfied. There is a plain reason for this. When the free hands have procured, by their labour, wherewithal to supply their wants, their ambition is satisfied: so soon as the husbandmen have produced the necessary surplus for relieving theirs, they work no more. Here then is a natural stop put to industry, consequently to bartering. This, in the first book, we have called *the moral impossibility of augmenting numbers*.

The next thing to be examined, is, how bartering grows into trade, properly so called and understood, according to the definition given of it above; how trade comes to be extended among men; how manufactures, more ornamental than useful, come to be established; and how men come to submit to labour, in order to acquire what is not absolutely necessary for them.

This, in a free society, I take to be chiefly owing to the introduction of money, and a taste for superfluities in those who possess it.

In antient times, money was not wanting; but the taste for superfluities not being in proportion to it, the specie was locked up. This was the case in Europe
four

four hundred years ago. A new taste for superfluity has drawn, perhaps, more money into circulation, from our own treasures, than from the mines of the new world. The poor opinion we entertain of the riches of our forefathers, is founded upon the modern way of estimating wealth, by the quantity of coin in circulation, from which we conclude, that the greatest part of the specie now in our hands must have come from America.

It is more, therefore through the taste of superfluity, than in consequence of the quantity of coin, that trade comes to be established; and it is only in consequence of trade that we see industry carry things in our days to so high a pitch of refinement and delicacy. Let me illustrate this by comparing together the different operations of barter, sale, and commerce.

When reciprocal wants are supplied by barter, there is not the smallest occasion for money: this is the most simple of all combinations.

When wants are multiplied, bartering becomes (for obvious reasons) more difficult; upon this money is introduced. This is the common price of all things: it is a proper equivalent in the hands of those who want, perfectly calculated to supply the occasions of those who, by industry, can relieve them. This operation of buying and selling is a little more complex than the former; but still we have here no idea of trade, because we have not introduced the merchant, by whose industry it is carried on.

Let this third person be brought into play, and the whole operation becomes clear. What before we called wants, is here represented by the consumer; what we called industry, by the manufacturer; what we called money, by the merchant. The merchant here represents the money, by substituting credit in its place; and as the money was invented to facilitate barter, so the merchant, with his credit, is a new refinement upon the use of money. This renders it still more effectual in performing the operations of buying and selling. This operation is trade: it relieves both parties of the whole trouble of transportati-

on, and adjusting wants to wants, or wants to money; the merchant represents by turns both the consumer, the manufacturer, and the money. To the consumer he appears as the whole body of manufacturers; to the manufacturers as the whole body of consumers; and to the one and the other class his credit supplies the use of money. This is sufficient at present for an illustration. I must now return to the simple operations of money in the hands of the two contracting parties, the buyer and the seller, in order to show how men come to submit to labour in order to acquire superfluities.

So soon as money is introduced into a country it becomes, as we have said above, an universal object of want to all the inhabitants. The consequence is, that the free hands of the state, who before stopt working, because all their wants were provided for, having this new object of ambition before their eyes, endeavour, by refinements upon their labour, to remove the smaller inconveniencies which result from a simplicity of manners. People, I shall suppose, who formerly knew but one sort of cloathing for all seasons, willingly part with a little money to procure for themselves different sorts of apparel properly adapted to summer and winter, which the ingenuity of manufacturers, and their desire of getting money, may have suggested to their invention.

I shall not here pursue the gradual progress of industry, in bringing manufactures to perfection; nor interrupt my subject with any further observations upon the advantages resulting to industry, from the establishment of civil and domestic liberty, but shall only suggest, that these refinements seem more generally owing to the industry and invention of the manufacturers (who by their ingenuity daily contrive means of softening or relieving inconveniencies, which mankind seldom perceive to be such, till the way of removing them is contrived) than to the taste for luxury in the rich, who, to indulge their ease, engage the poor to become industrious.

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Let any man make an experiment of this nature upon himself; by entering into the first shop. He will no where so quickly discover his wants as there. Every thing he sees appears either necessary, or at least highly convenient; and he begins to wonder (especially if he be rich) how he could have been so long without that which the ingenuity of the workman alone had invented, in order that from the novelty it might excite his desire; for perhaps when it is bought, he will never once think of it more, nor ever apply it to the use for which it at first appeared so necessary.

Here then is a reason why mankind labour though not in want. They become desirous of possessing the very instruments of luxury, which their avarice or ambition prompted them to invent for the use of others.

What has been said represents trade in its infancy, or rather the materials with which that great fabric is built.

We have formed an idea of the wants of mankind multiplied even to luxury, and abundantly supplied by the employment of all the free hands set apart for that purpose. But if we suppose the workman himself disposing of his work, and purchasing, with it, food from the farmer, cloaths from the clothier, and in general seeking for the supply of every want from the hands of the person directly employed for the purpose of relieving it; this will not convey an idea of trade, according to our definition.

Trade and commerce are an abbreviation of this long process; a scheme invented and set on foot by merchants, from a principle of gain, supported and extended among men, from a principle of general utility to every individual, rich or poor, to every society, great or small.

Instead of a pin-maker exchanging his pins with fifty different persons, for whose labour he has occasion, he sells all to the merchant for money or for credit; and, as occasion offers, he purchases all his wants, either directly from those who supply them, or from other merchants who deal with manufacturers in the same way his merchant dealt with him.

Another advantage of trade is, that industrious people in one part of the country, may supply customers in another, though distant. They may establish themselves in the most commodious places for their respective business, and help one another reciprocally, without making the distant parts of the country suffer for want of their labour. They are likewise exposed to no avocation from their work, by seeking for customers.

Trade produces many excellent advantages; it marks out to the manufacturers when their branch is under or overstocked with hands. If it is understocked, they will find more demand than they can answer: if it is overstocked, the sale will be slow.

Intelligent men, in every profession, will easily discover when these appearances are accidental, and when they proceed from the real principles of trade; which are here the object of our inquiry.

Posts and correspondence by letters, are a consequence of trade, by the means of which merchants are regularly informed of every augmentation or diminution of industry in every branch, in every part of the country. From this knowledge they regulate the prices they offer; and as they are many, they serve as a check upon one another, from the principles of competition which we shall hereafter examine.

From the current prices the manufacturers are as well informed as if they kept the correspondence themselves: the statesman feels perfectly where hands are wanting, and young people destined to industry, obey, in a manner, the call of the public, and fall naturally in to supply the demand.

Two great assistances to merchants, especially in the infancy of trade, are public markets for collecting the work of small dealers, and large undertakings in the manufacturing way by private hands. By these means the merchants come at the knowledge of the quantity of work in the market, as on the other hand the manufacturers learn, by the sale of the goods, the extent of the demand for them. These two things being justly known, the price of goods is easily fixt, as we shall presently see.

Public

Public sales serve to correct the small inconveniencies which proceed from the operations of trade. A set of manufacturers get all together into one town, and entirely taken up with their industry, are thereby, as well informed of the rate of the market as if every one of them carried thither his work, and upon the arrival of the merchant, who readily takes it off their hands, he has not the least advantage over them from his knowledge of the state of demand. This man both buys and sells in what is called wholesale (that is by large parcels) and from him retailers purchase, who distribute the goods to every consumer throughout the country. These last buy from wholesale merchants in every branch, that proportion of every kind of merchandize which is suitable to the demand of their borough, city, or province.

Thus all inconveniencies are prevented, at some additional cost to the consumer, who, for reasons we shall afterwards point out, must naturally reimburse the whole expence. The distance of the manufacturer, the obscurity of his dwelling, the caprice in selling his work, are quite removed, the retailer has all in his shop, and the public buys at a current price.

CHAP. IV.

MUSEUM

BRITANNICVM

How the Prices of Goods are determined by Trade.

IN the price of goods, I consider two things, as really existing, and quite different from one another; to wit, the real value of the commodity, and the profit upon alienation. The intention of this chapter is to establish this distinction, and to shew how the operation of trade severally influences the standard of the one and the other; that is to say, how trade has the effect of rendering fixt and determined two things which would otherwise be quite vague and uncertain.

I. The first thing to be known of any manufacture when it comes to be sold, is, how much of it a person can perform in a day, a week, a month, according to

the nature of the work, which may require more or less time to bring it to perfection. In making such estimates, regard is to be had only to what, upon an average, a workman of the country in general may perform, without supposing him the best or the worst in his profession; or having any peculiar advantage or disadvantage as to the place where he works.

Hence the reason why some people thrive by their industry, and others not; why some manufactures flourish in one place and not in another.

II. The second thing to be known, is the value of the workman's subsistence and necessary expence, both for supplying his personal wants, and providing the instruments belonging to his profession, which must be taken upon an average as above; except when the nature of the work requires the presence of the workman in the place of consumption: for although some trades, and almost every manufacture, may be carried on in places at a distance, and therefore may fall under one general regulation as to prices, yet others there are which, by their nature, require the presence of the workman in the place of consumption; and in that case the prices must be regulated by circumstances relative to every particular place.

III. The third and last thing to be known, is the value of the materials, that is the first matter employed by the workman; and if the object of his industry be the manufacture of another, the same process of inquiry must be gone through with regard to the first, as with regard to the second: and thus the most complex manufactures may be at last reduced to the greatest simplicity. I have been more particular in this analysis of manufactures than was absolutely necessary in this place, that I might afterwards with the greater ease point out the methods of diminishing the prices of them.

These three articles being known, the price of manufacture is determined. It cannot be lower than the amount of all the three, that is, than the real value; whatever it is higher, is the manufacturer's profit.

This

This will ever be in proportion to demand, and therefore will fluctuate according to circumstances.

Hence appears the necessity of a great demand, in order to promote flourishing manufactures.

By the extensive dealings of merchants, and their constant application to the study of the balance of work and demand, all the above circumstances are known to them, and are made known to the industrious who regulate their living and expence according to their certain profit. I call it certain, because under these circumstances they seldom over-value their work, and by not over-valuing it, they are sure of a Sale: a proof of this may be had from daily experience.

Employ a workman in a country where there is little trade or industry, he proportions his price always to the urgency of your want, or your capacity to pay; but seldom to his own labour. Employ another in a country of trade, he will not impose upon you, unless perhaps you be a stranger, which supposes your being ignorant of the value; but employ the same workman in a work not usual in the country, consequently not demanded, consequently not regulated as to the value, he will proportion his price as in the first supposition.

We may therefore conclude from what has been said, that in a country where trade is established, manufactures must flourish, from the ready sale, the regulated price of work, and certain profit resulting from industry. Let us next inquire into the consequences of such a situation.

C H A P. V.

How foreign Trade opens to an industrious People, and the consequences of it to the Merchants who set it on foot.

THE first consequence of the situation described in the preceding chapter, is, that wants are easily supplied, for the adequate value of the thing wanted.

The next consequence is, the opening of foreign trade under its two denominations of passive and active. Strangers and people of distant countries finding the difficulty of having their wants supplied at home, and the ease of having them supplied from this country, immediately have recourse to it. This is passive trade. The active is when merchants, who have executed this plan at home with success, begin to transport the labour of their countrymen into other regions, which either produce, or are capable of producing such articles of consumption, proper to be manufactured, as are most demanded at home; and consequently will meet with the readiest sale, and fetch the largest profits.

Here then is the opening of foreign trade, under its two denominations of active and passive: but as our present point of view is the consequences of this revolution to the merchants, we shall take no further notice, in this place, of that division; it will naturally come in afterwards.

What then are the consequences of this new commerce to our merchants, who have left their homes in quest of gain abroad?

The first is, that arriving in any new country, they find themselves in the same situation, with regard to the inhabitants, as the workman in the country of no trade, with regard to those who employed him; that is, they proportion the price of their goods to the eagerness of acquiring, or the capacity of paying, in the inhabitants, but never to their real value.

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The first profits then, upon this trade, must be very considerable; and the demand from such a country will be *high* or *low*, *great* or *small*, according to the spirit, not the real wants of the people: for these in all countries, as has been said, must first be supplied by the inhabitants themselves, before they cease to labour.

If the people of this not-trading country (as we shall now call it) be abundantly furnished with commodities useful to the traders, they will easily part with them, at first, for the instruments of luxury and ease; but the great profit of the traders will insensibly increase the demand for the productions of their new correspondents; this will have the effect of producing a competition between themselves, and thereby of throwing the demand on their side, from the principles I shall afterwards explain. This is perpetually a disadvantage in traffic: the most unpolished nations in the world quickly perceive the effects of it; and are taught to profit of the discovery, in spite of the address of those who are the most expert in commerce.

The traders will, therefore, be very fond of falling upon every method and contrivance to inspire this people with a taste of refinement and delicacy. Abundance of fine presents, consisting of every instrument of luxury and superfluity, the best adapted to the genius of the people, will be given to the prince and leading men among them. Workmen will even be employed at home to study the taste of the strangers, and to captivate their desires by every possible means. The more eager they are of presents, the more lavish the traders will be in bestowing and diversifying them. It is an animal put up to fatten, the more he eats the sooner he is fit for slaughter. When their taste for superfluity is fully formed, when the relish for their former simplicity is sophisticated, poisoned, and obliterated, then they are surely in the fetters of the traders, and the deeper they go, the less possibility there is of their getting out. The presents then will die away, having served their purpose; and if afterwards they are found to be continued, it will probably be to support

support the competition against other nations, who will incline to share of the profits.

If, on the contrary, this not-trading nation does not abound with commodities useful to the traders, these will make little account of trading with them, whatever their turn may be; but if we suppose this country inhabited by a laborious people, who, having taken a taste for refinement from the traders, apply themselves to agriculture, in order to produce articles of subsistence, they will solicit the merchants to give them part of their manufactures in exchange for those; and this trade will undoubtedly have the effect of multiplying numbers in the trading nation. But if food cannot be furnished, nor any other branch of production found out to support the correspondence, the taste for refinement will soon die away, and trade will stop in this quarter.

Had it not been for the furs in those countries adjacent to Hudson's Bay, and in Canada, the Europeans never would have thought of supplying instruments of luxury to those nations; and if the inhabitants of those regions had not taken a taste for the instruments of luxury furnished to them by the Europeans they never would have become so indefatigable nor so dexterous hunters. At the same time we are not to suppose, that ever these Americans would have come to Europe in quest of our manufactures. It is therefore owing to our merchants, that these nations are become in any degree fond of refinement; and this taste, in all probability, will not soon exceed the proportion of the productions of their country. From these beginnings of foreign trade it is easy to trace its increase.

One step towards this, is the establishing correspondences in foreign countries; and these are more or less necessary in proportion as the country where they are established is more or less polished or acquainted with trade. They supply the want of posts, and point out to the merchants what proportion the productions of the country bear to the demand of the inhabitants for manufactures. This communicates an idea of commerce to the not-trading nation,
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and they insensibly begin to fix a determined value upon their own productions, which perhaps bore no determined value at all before.

Let me trace a little the progress of this refinement in the savages, in order to shew how it has the effect of throwing the demand upon the traders, and of creating a competition among them, for the productions of the new country.

Experience shews, that in a new discovered country, merchants constantly find some article or other of its productions, which turns out to a great account in commerce; and we see that the longer such a trade subsists, and the more the inhabitants take a taste for European manufactures, the more their own productions rise in their value, and the less profit is made by trading with them, even in cases where the trade is carried on by companies; which is a very wise institution for one reason, that it cuts off a competition between our merchants.

This we shall shew, in its proper place, to be the best means of keeping prices low in favour of the nation; however it may work a contrary effect with respect to individuals who must buy from these monopolies.

When companies are not established, and when trade is open, our merchants, by their eagerness to profit of the new trade, betray the secrets of it, they enter into competition for the purchase of the foreign produce, and this raises prices and favours the commerce of the most ignorant savages.

Some account for this in a different manner. They alledge that it is not this competition which raises prices; because there is also a competition among the savages as to which of them shall get the merchandize; and this may be sufficient to counterbalance the other, and in proportion as the quantity of goods demanded by the savages, as an exchange for the produce of their country, becomes greater, a less quantity of this produce must be given for every parcel of the goods.

To

To this I answer, That I cannot admit this apparent reason to be consistent with the principles of trade, however ingenious the conceit may be.

The merchant constantly considers his own profit in parting with his goods, and is not influenced by the reasons of expediency which the savages may find, to offer him less than formerly; for were this principle of proportion admitted generally, the price of merchandize would always be at the discretion of the buyers.

The objection here stated is abundantly plain; but it must be resolved in a very different manner. Here are two solutions:

1. Prices, I have said, are made to rise, according as demand is *high*, not according as it is *great*. Now, in the objection, it is said, that, in proportion as the demand is *great*, a less proportion of the equivalent must go to every parcel of the merchandize; which I apprehend to be false: and this shews the necessity of making a distinction between the *high* and the *great* demand, which things are different in trade, and communicate quite different ideas.

2. In all trade there is an exchange, and in all exchange, we have said, there is a reciprocal demand implied: It must therefore be exactly inquired into, on which hand the competition between the demanders is found; that is to say, on which hand it is *strongest*; according to the distinction in the second chapter.

If the Inhabitants of the country be in competition for the manufactures, goods will rise in their price most undoubtedly, let the quantity of the produce they have to offer be large or small; but so soon as these prices rise above the faculties, or desire of buying, in certain individuals, their demand will stop, and their equivalent will be prevented from coming into commerce. This will disappoint the traders; and therefore, as their gains are supposed to be great, either a competition will take place among themselves, who shall carry off the quantity remaining, supposing them to have separate interests; or, if they are united, they may, from a view of expediency, voluntarily sink their price, in order to bring it within the compass of the

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the faculties, or intention, to buy in those who are still possessed of a portion of what they want.

It is from the effects of competition among sellers that I apprehend prices are brought down, not from any imaginary proportion of quantity to quantity in the market. But of this more afterwards, in its proper place.

So soon as the price of manufactures is brought as low as possible, in the new nation ; if the surplus of their commodities does not suffice to purchase a quantity of manufactures proportioned to their wants, this people must begin to labour : for labour is the necessary consequence of want, real or imaginary ; and by labour it will be supplied.

When this comes to be the case, we immediately find two trading nations in place of one ; the balance of which trade will always be in favour of the most industrious and frugal ; as shall be fully explained in another place.

Let me now direct my inquiry more particularly towards the consequences of this new revolution produced by commerce, relative to the not-trading nation, in order to shew the effect of a passive foreign trade. I shall spare no pains in illustrating, upon every occasion, as I go along, the fundamental principles of commerce, demand, and competition, even perhaps at the expence of appearing tiresome to some of my readers.

C H A. P. VI.

Consequences of the introduction of a passive foreign Trade among a People who live in Simplicity and Idleness.

WE now suppose the arrival of traders, all in one interest, with instruments of luxury and refinement, at a port in a country of great simplicity of manners, abundantly provided by nature with great advantages for commerce, and peopled by a nation capable of adopting a taste for superfluities.

The first thing the merchants do, is to expose their goods, and point out the advantages of many things, either agreeable or useful to mankind in general, such as wines, spirits, instruments of agriculture, arms, and ammunition for hunting, nets for fishing, manufactures for clothing, and the like. The advantages of these are presently perceived, and such commodities are eagerly sought after.

The natives on their side produce what they most esteem, generally something superfluous or ornamental. The traders, after examining all circumstances, determine the object of their demand, giving the least quantity possible in return for this superfluity, in order to impress the inhabitants with a high notion of the value of their own commodities ; but as this parsimony may do more hurt than good to their interest, they are very generous in making presents, from the principles mentioned above.

When the exchange is completed, and the traders depart, regret is commonly mutual ; the one and the other are sorry that the superfluities of the country fall short. A return is promised by the traders, and assurances are given by the natives, of a better provision another time.

What are the first consequences of this revolution ?

Is

Is it not evident, that, in order to supply an equivalent for this new want, more hands must be set to work than formerly? And it is evident also, that this augmentation of industry will not essentially increase numbers; as was supposed to be the effect of it through the whole train of our reasoning in the first book. Why? Because *there* the produce of the industry was supposed to be consumed at home; and *here* it is intended to be exported. But if we can find out any additional consumption at home even implied by this new trade, I think it will have the effect of augmenting numbers. An example will make this plain.

Let me suppose the superfluity of this country to be the skins of wild beasts, not proper for food; the manufacture sought for, brandy. The brandy is sold for furs. He who has furs, or he who can spare time to hunt for them, will drink brandy in proportion: but I cannot find out any reason to conclude from this simple operation, that one man more in the country must necessarily be fed, (for I have taken care to suppose, that the flesh of the animals is not proper for food) or that any augmentation of agriculture must of consequence ensue from this new traffic.

But let me throw in a circumstance which may imply an additional consumption at home, and then examine the consequences.

A poor creature, who has no equivalent to offer for food, who is miserable, and ready to perish for want of subsistence, goes a hunting, and kills a wolf; he comes to a farmer with the skin, and says; You are well fed, but you have no brandy; if you will give me a loaf, I will give you this skin, which the strangers are so fond of, and they will give you brandy. But, says the farmer, I have no more bread than what is sufficient for my own family. As for that, replies the other, I will come and dig in your ground, and you and I will settle our account as to the small quantity I desire of you. The bargain is made; the poor fellow gets his loaf, and lives at least; perhaps he marries, and the farmer gets a dram. But had it not been for this dram, (that is, this new want) which was purchased

purchased by the industry of this poor fellow, by what argument could he have induced the farmer, to part with a loaf.

I here exclude the sentiment of charity. This alone, as I have often observed, is a principal of multiplication, and if it was admitted here, it would ruin all my supposition; but as true it is, on the other hand, that could the poor fellow have got bread by begging he would not probably have gone a hunting.

Here then it appears, that the very dawning of trade, in the most unpolished countries, implies a multiplication. This is enough to point out the first step, and to connect the subject of our present inquiries with what has been already discussed in relation to other circumstances. I proceed.

So soon as all the furs are disposed of, and a taste for superfluity introduced, both the traders and the natives will be equally interested in the advancement of industry in this country. Many new objects of profit for the first will be discovered, which the proper employment of the inhabitants, in reaping the natural advantages of their soil and climate, will make effectual. The traders will therefore endeavour to set on foot many branches of industry among the savages, and the allurements of brandy, arms, and clothing, will animate these in the pursuit of them. Let me here digress for a few lines.

If we suppose slavery to be established in this country, then all the slaves will be set to work, in order to provide furs and other things demanded by the traders, that the masters may thereby be enabled to indulge themselves in the superfluities brought to them by the merchants. When liberty is the system, every one, according to his disposition, becomes industrious, in order to procure such enjoyments for himself.

In the first supposition, it is the head of the master which conducts the labour of the slave, and turns it towards ingenuity: in the second, every head is at work, and every hand is improving in dexterity. Where hands therefore are principally necessary, the slaves have the advantages; where heads are principally necessary,

cessary, the advantage lies in favour of the free. Set a man to labour at so much a day, he will go on at a regular rate, and never seek to improve his method; let him be hired by the piece, he will find a thousand expedients to extend his industry. This is exactly the difference between the slave and the free man. From this I account for the difference between the progress of industry in antient and modern times. Why was a *peculium* given to slaves, but to engage them to become dextrous? Had there been no *peculium* and no *libertini*, or free men, who had been trained to labour, there would have been little more industry any where, than there was in the republic of Lyncurgus, where, I apprehend, neither the one or the other was to be found. I return.

When once this revolution is brought about; when those who formerly lived in simplicity become industrious; matters put on a new face. Is not this operation quite similar to that represented in the fifth chapter of the first book? There I found the greatest difficulty, in showing how the mutual operations of supplying food and other wants could have the effect of promoting population and agriculture, among a people who were supposed to have no idea of the system proposed to be put in execution. Here the plan appears familiar and easy. The difference between them seems to resemble that of a child's learning a language by grammar, or learning it by the ear in the country where it is spoken. In the first case, many throw the book aside, but in the other none ever fail of success.

I have said, that matters put on a new face; that is to say, we now find two trading nations instead of one, with this difference, however, that as hitherto we have supposed the merchants all in one interest, the compound demand; that is, the competition of the buyers, has been, and must still continue on the side of the natives. This is a great prejudice to their interest, but as it is not supposed sufficient to check their industry, nor to restrain their consumption of the manufactures, let me here examine a little more particularly the consequences of the principle of demand in such

a situation ; for although I allow, that it can never change sides, yet it may admit of different modifications, and produce different effects, as we shall presently perceive.

The merchants we suppose all in one interest, consequently there can be no competition among them ; consequently no check can be put upon their raising their prices, as long as the prices they demand are complied with. So soon as they are raised to the full extent of the abilities of the natives, or of their inclination to buy, the merchants have the choice of three things, which are all perfectly in their option, and the preference to be given to the one or the other depends intirely upon themselves, and upon the circumstances I am going to point out.

First, they may support the *high* demand ; that is, not lower their price ; which will preserve a high estimation of the manufactures in the opinion of the inhabitants, and render the profits upon their trade the greatest possible. This part they may possibly take, if they perceive the natives doubling their diligence, in order to become able, in time, to purchase considerable cargoes at a high value ; from which supposition is implied a strong disposition in the people to become luxurious, since nothing but want of ability prevents them from complying with the highest demand : but still another circumstance must concur, to engage the merchants not to lower their price. The great proportion of the goods they seek for, in return, must be found in the hands of a few. This will be the case if slavery be established ; for then there must be many poor, and few rich : and they are commonly the rich consumers who proportion the price they offer, rather to their desires than to the value of the thing.

The second thing which may be done is, to open the door to a *great* demand ; that is, to lower their prices. This will sink the value of the manufactures in the opinion of the inhabitants, and render profits less in proportion, although indeed, upon the voyage, the profits may be greater.

This

This part they will take, if they perceive the inhabitants do not incline to consume great quantities of the merchandize at a high value, either from want of abilities or inclination ; and also, if the profits upon the trade depend upon a large consumption, as is the case in merchandize of a low value, and suited chiefly to the occasions of the lower sort. Such motives of expediency will be sufficient to make them neglect a *high* demand, and prefer a *great* one ; and the more, when there is a likelihood that the consumption of low-priced goods in the beginning may beget a taste for others of a higher value, and thus extend in general the taste of superfluity.

A third part to be taken, is the least politic, and perhaps the most familiar. It is to profit by the competition between the buyers, and encourage the rising of demand as long as possible ; when this comes to a stop, to make a kind of auction, by first bringing down the prices to the level of the highest bidders, and so to descend by degrees, in proportion as demand sinks. Thus we may say with propriety, according to our definitions of demand, that it commonly becomes *great*, in proportion as prices sink. By this operation, the traders will profit as much as possible, and sell off as much of their goods as the profits will permit.

I say, this plan, in a new discovered country, is not politic, as it both discovers a covetousness and a want of faith in the merchants, and also throws open the secrets of their trade to those who ought to be kept ignorant of them.

Let me next suppose, that the large profits of our merchants shall be discovered by others, who arrive at the same ports in a separate interest, and who enter into no combination which might prevent the natural effects of competition.

Let the state of demand among the natives be supposed the same as formerly, both as to *height* and *greatness*, in consequence of the operation of the different principles, which might have induced our merchants to follow one or other of the plans we have been describ-

ing ; we must however still suppose, that they have been careful to preserve considerable profits upon every branch.

If we suppose the inhabitants to have increased in numbers, wealth, and taste for superfluity, since the last voyage, demand will be found rather on the rising hand. Upon the arrival of the merchants in competition with the former, both will offer to sale ; but if both stand to the same prices, it is very natural to suppose, that the former dealers will obtain a preference ; as *ceteris paribus*, it is always an advantage to know and to be known. The last comers, therefore, have no other way left to counterbalance this advantage, but to lower their prices.

This is a new phenomenon : here the fall of prices is not voluntary as formerly ; not consented to from expediency ; not owing to a failure of demand, but to the influence of a new principle of commerce, to wit, a double competition. This I shall now examine with all the care I am capable of.

C H A P. VII.

Of double Competition.

WHEN *competition* is much stronger on one side of the contract than on the other, I call it *simple*, and then it is a term synonymous with what I have called *compound demand*. This is the species of competition which is implied in the term *high demand*, or when it is said, that *demand raises prices*.

Double competition is, when, in a certain degree, it takes place on both sides of the contract at once, or vibrates alternately from one to the other. This is what restrains prices to the adequate value of the merchandise.

I frankly

I frankly confess I feel a great want of language to express my ideas, and it is for this reason I employ so many examples, the better to communicate certain combinations of them, which otherwise would be inextricable.

The great difficulty is to distinguish clearly between the principles of *demand*, and those of *competition*: here then follows the principal differences between the two, relatively to the effects they produce severally in the mercantile contract of buying and selling, which I here express shortly by the word *contract*.

Simple demand is what brings the quantity of a commodity to market. Many demand, who do not buy; many offer, who do not sell. This demand is called *great* or *small*; it is said to *increase*, to *augment*, to *swell*; and is expressed by these and other synonymous terms, which mark an augmentation or diminution of quantity. In this species, two people never demand the same thing, but a part of the same thing, or things quite alike.

Compound demand is the principle which raises prices, and never can make them sink; because in this case more than one demands the very same thing. It is solely applicable to the buyers, in relation to the price they offer. This demand is called *high* or *low*, and is said to *rise*, to *fall*, to *mount*, to *sink*, and is expressed by these and other synonymous terms.

Simple competition, when between buyers, is the same as *compound* or *high demand*, but differs from it in so far, as this may equally take place among sellers, which *compound demand* cannot, and then it works a contrary effect: it makes prices *sink*, and is synonymous with *low demand*: it is this competition which overturns the balance of work, and demand; of which afterwards.

Double competition is what is understood to take place in almost every operation of trade; it is this which prevents the excessive rise of prices; it is this which prevents their excessive fall. While *double competition* prevails, the balance is perfect, trade and industry flourish.

The capital distinction, therefore, between the terms *demand* and *competition* is, that *demand* is constantly relative to the buyers, and when money is not the price, as in barter, then it is relative to that side upon which the greatest *competition* is found.

We therefore say, with regard to *prices*, demand is *high* or *low*. With regard to the *quantity of merchandize*, demand is *great* or *small*. With regard *competition*, it is always called *great* or *small*, *strong* or *weak*.

Competition, I have said, is, with equal propriety, applicable to both parties in the contract. A *competition* among buyers is a proper expression; a *competition* among sellers, who have the merchandize, is fully as easily understood, though it be not quite so striking, for reasons which an example will make plain.

You come to a fair, where you find a great variety of every kind of merchandize, in the possession of different merchants. These, by offering their goods to sale, constitute a tacit competition; every one of them wishes to sell in preference to another, and at the same time with the best advantage to himself.

The buyers begin, by cheapning at every shop. The first price asked marks the covetousness of the seller; the first price offered, the avarice of the buyer. From this operation, I say, competition begins to work its effects on both sides, and so becomes double. The principles which influence this operation are now to be deduced.

It is impossible to suppose the same degree of eagerness, either to buy or to sell, among several merchants; because the degree of eagerness I take to be exactly in proportion to their view of profit; and as these must necessarily be influenced and regulated by different circumstances, that buyer, who has the best prospect of selling again with profit, obliges him, whose prospect is not so good, to content himself with less; and that seller, who has bought to the best advantage, obliges him, who has paid dearer for the merchandize, to moderate his desire of gain.

It

It is from these principles, that competition among buyers and sellers must take place. This is what confines the fluctuation of prices within limits which are compatible with the reasonable profits of both buyers and sellers; for, as has been said, in treating of trade, we must constantly suppose the whole operation of buying and selling to be performed by merchants; the buyer cannot be supposed to give so high a price as that which he expects to receive, when he distributes to the consumers, nor can the seller be supposed to accept of a lower than that which he paid to the manufacturer. This competition is properly called double, because of the difficulty to determine upon which side it stands; the same merchant may have it in his favour upon certain articles, and against him upon others; it is continually in vibration, and the arrival of every post may less or more pull down the heavy scale.

In every transaction between merchants, the profit resulting from the sale must be exactly distinguished from the value of the merchandize. The first *may* vary, the last never *can*. It is this profit alone which can be influenced by competition; and it is for that reason we find such uniformity every where in the prices of goods of the same quality.

The competition between sellers does not appear so striking as that between buyers; because he who offers to sale, appears only passive in the first operation; whereas the buyers present themselves one after another; they make a demand, and when the merchandize is refused to one at a certain price, a second either offers more, or does not offer at all: but so soon as another seller finds his account in accepting the price the first had refused, then the first enters into competition, providing his profits will admit his lowering the first price, and thus competition takes place among the sellers, until the profits upon their trade prevent prices from falling lower.

In all markets, I have said, this competition is varying, though insensibly, on many occasions; but in others the vibrations are very perceptible. Sometimes it

is found strongest on the side of the buyers, and in proportion as this grows, the competition between the sellers diminishes. When the competition between the former has raised prices to a certain standard, it comes to a stop; then the competition changes sides, and takes place among the sellers, eager to profit of the highest price. This makes prices fall, and according as they fall, the competition among the buyers diminishes. They still wait for the lowest period. At last it comes; and then perhaps some new circumstance, by giving the balance a kick, disappoints their hopes. If therefore it ever happens, that there is but one interest upon one side of the contract, as in the example in the former chapter, where we supposed the sellers united, you perceive, that the rise of the price, occasioned by the competition of the buyers, and even its coming to a stop, could not possibly have the effect of producing any competition on the other side; and therefore, if prices come afterwards to sink, the fall must have proceeded from the prudential considerations of adapting the price to the faculties of those, who, from the height of it, had withdrawn their demand.

From these principles of competition, the forestalling of markets is made a crime, because it diminishes the competition which ought to take place between different people, who have the same merchandize to offer to sale. The forestaller buys all up, with an intention to sell with more profit, as he has by that means taken other competitors out of the way, and appears with a single interest on one side of the contract, in the face of many competitors on the other. This person is punished by the state, because he has prevented the price of the merchandize from becoming justly proportioned to the real value; he has robbed the publick, and enriched himself; and in the punishment, he makes restitution. Here occur two questions to be resolved, for the sake of illustration.

Can competition among buyers possibly take place, when the provision made is more than sufficient to supply the quantity demanded? On the other hand, can

can competition take place among the sellers, when the quantity demanded exceeds the total provision made for it?

I think it may in both cases; because in the one and the other, there is a competition implied on one side of the contract, and the very nature of this competition implies a possibility of its coming on the other, provided separate interests be found upon both sides. But to be more particular.

1. Experience shews, that however justly the proportion between the demand and the supply may be determined in fact, it is still next to impossible to discover it exactly, and therefore buyers can only regulate the prices they offer, by what they may reasonably expect to sell for again. The sellers, on the other hand, can only regulate the prices they expect, by what the merchandize has cost them when brought to market. We have already shewn, how, under such circumstances, the several interests of individuals affect each other, and make the balance vibrate.

2. The proportion between the supply and the demand is seldom other than *relative* among merchants, who are supposed to buy and sell, not from necessity, but from a view to profit. What I mean by *relative* is, that their demand is *great* or *small*, according to prices: there may be a great demand for grain at 35 shillings *per* quarter, and no demand at all for it at 40 shillings; I say, among merchants.

Here I must observe, how essential it is, to attend to the smallest circumstance in matters of this kind. The circumstance I here have in my eye, is the difference I find in the effect of competition, when it takes place purely among merchants on both sides of the contract, and when it happens, that either the consumers mingle themselves with the merchant-buyers, or the manufacturers, that is, the furnishers, mingle themselves with the merchant-sellers. This combination I shall illustrate, by the solution of another question, and then conclude my chapter with a few reflections upon the whole.

Can

Can there be no case formed, where the competition upon one side may subsist, without a possibility of its taking place on the other, although there should be separate interests upon both?

I answer. The case is hardly supposable among merchants, who buy and sell with a view to profit; but it is absolutely supposable, and that is all, when the direct consumers are the buyers; when the circumstances of one of the parties is perfectly known; and when the competition is so strong upon one side, as to prevent a possibility of its becoming double, before the whole provision is sold off, or the demand satisfied. Let me have recourse to examples.

Grain arriving in a small quantity, at a port where the inhabitants are starving, produces so great a competition among the consumers, who are the buyers, that their necessity becomes evident; all the grain is generally bought up before prices can rise so high as to come to a stop; because nothing but want of money, that is, an impossibility of complying with the prices demanded by the merchants, can restrain them: but if you suppose, even here, that prices come naturally to a stop; or that, after some time, they fall lower, from prudential considerations, then there is a possibility of a competition taking place among the sellers, from the principles above deduced. If, on the contrary, the stop is not natural, but occasioned by the interposition of the magistrate, from humanity, or the like, there will be no competition, because then the principles of commerce are suspended; the sellers are restrained on one side, and they restrain the buyers on the other. Or rather, indeed, it is the magistrate, or compassion, who in a manner fixes the price, and performs the office of both buyer and seller.

A better example still may be found, in a competition among sellers; where it may be so strong, as to render a commodity in a manner of no value at all, as in the case of an uncommon and unexpected draught of fish; in a place of small consumption, when no preparations have been made for salting them. There can be then no competition among the buyers; because

cause the market cannot last, and they find themselves entirely masters, to give what price they please, being sure the sellers must accept of it, or lose their merchandize. In the first example, humanity commonly stops the activity of the principle of competition; in the other it is stopt by a certain degree of fair-dealing, which forbids the accepting of merchandize for nothing.

In proportion therefore as the rising of prices can stop demand, or the sinking of prices can increase it, in the same proportion will competition prevent either the rise or the fall from being carried beyond a certain length: and if such a case can be put, where the rising of prices cannot stop demand, nor the lowering of prices augment it, in such cases double competition has no effect; because these circumstances unite the most separate interests of buyers and sellers in the mercantile contract, and when upon one side there is no separate interest, there can then be no competition.

From what has been said, we may form a judgment of the various degrees of competition. A book not worth a shilling, a fish of a few pounds weight, are often sold for considerable sums. The buyers here are not merchants. When an ambassador leaves a court in a hurry things are sold for less than the half of their value: he is no merchant, and his situation is known. When at a public market, there are found consumers, who make their provision; or manufacturers, who dispose of their goods for present subsistence; the merchants, who are respectively upon the opposite side of the contract to these, profit of their competition; and those who are respectively upon the same side with them, stand by with patience, until they have finished their business. Then matters come to be carried on between merchant and merchant, and then, I allow, that profits may rise and fall, in the proportion of quantity to demand; that is to say, if the provision is less than the demand, the competition among the demanders, or the rise of the price, will be in the compound proportion of the falling short of the commodity, and of the prospect of selling again with profit.

profit. It is this combination which regulates the competition, and keeps it within bounds. It can affect but the profits upon the transaction; the intrinsic value of the commodity stands immovable: nothing is ever sold below the real value; nothing is ever bought for more than it may probably bring. I mean in general. Whereas so soon as consumers and needy manufacturers mingle in the operation, all proportion is lost. The competition between them is too strong for the merchants; the balance vibrates by jerks. In such markets merchants seldom appear: the principal objects there, are the fruits and productions of the earth, and articles of the first necessity for life, not manufactures strictly so called. A poor fellow often sells, to purchase bread to eat; not to pay what he did eat, while he was employed in the work he disposes of. The consumer often measures the value of what he is about to purchase by the weight of his purse, and his desire to consume.

As these distinctions cannot be conveyed in the terms by which we are obliged to express them, and as they must frequently be implied, in treating of matters relating to trade and industry, I thought the best way was, to clear up my own ideas concerning them, and to lay them in order before my reader, before I entred further into my subject.

All difference of opinion upon matters of this nature proceeds, as I believe, from our language being inadequate to express our ideas, from our inattention, in using terms which appear synonymous, and from our natural propensity to include, under general rules, things which, upon some occasions, common reason requires to be set asunder.

C H A P. VIII.

Of what is called Expence, Profit and Loss.

AS we have been employed in explaining of terms, it will not be amiss to say a word concerning those which stand in the title of this chapter.

The term *expence*, when simply expressed, without any particular relation, is always understood to be relative to money. This kind I distinguish under the three heads of *private*, *public*, and *national*.

1. *Private expence* is, what a private person, or private society, lays out, either to provide articles of consumption, or something more permanent, which may be conducive to their ease, convenience, or advantage. Thus we say, a *large domestic expence*, relative to one who spends a great income. We say, a merchant has been at *great expence* for magazines, for living, for clerks, &c. but never that he has been at any in buying goods. In the same way a manufacturer may expend for building, machines, horses, and carriages, but never for the matter he manufactures. When a thing is bought, in order to be sold again, the sum employed is called money *advanced*; when it is bought not to be sold, it may be said to be *expended*.

2. *Public expence* is, the employment of that money, which has been contributed by individuals, for the current service of the state. The contribution, or gathering it together, represents the effects of many articles of *private expence*; the laying it out when collected, is *public expence*.

3. *National expence*, is what is expended out of the country: this is what diminishes national wealth. The principal distinction to be here attended to, is between *public expence*, or the laying out of public money, and *national expence*, which is the alienating the nation's

nation's wealth in favour of strangers. Thus the greatest *public expence* imaginable, may be no national expence; because the money may remain at home. On the other hand, the smallest *public*, or even *private expence*, may be a national expence; because the money may go abroad.

Profit and loss, I divide into *positive*, *relative*, and *compound*. *Positive profit*, implies no loss to any body; it results from an augmentation of labour, industry, or ingenuity, and has the effect of swelling or augmenting the public good.

Positive loss, implies no profit to any body; it is what results from the cessation of the former, or of the effects resulting from it, and may be said to diminish the public good.

Relative profit, is what implies a loss to some body; it marks a vibration of the balance of wealth between parties, but implies no addition to the general stock.

Relative loss, is what, on the contrary, implies a profit to some body; it also marks a vibration of the balance, but takes nothing from the general stock.

The *compound* is easily understood; it is that species of profit and loss which is partly *relative*, and partly *positive*. I call it compound, because both kinds may subsist inseparably in the same transaction.

C H A P. IX.

The general consequences resulting to a trading Nation, upon the opening of an active foreign Commerce.

D I D I not intend to confine myself to very general topics in this chapter, I might in a manner exhaust the whole subject of modern oeconomy under this title; for I apprehend that the whole system of modern

modern politics is founded upon the basis of an active foreign trade.

A nation which remains passive in her commerce, is at the mercy of those who are active, and must be greatly favoured, indeed, by natural advantages, or by a constant flux of gold and silver from her mines, to be able to support a correspondence, not entirely hurtful to the augmentation of her wealth.

These things shall be more enlarged upon as we go along: the point in hand, is, to consider the consequences of this trade, relatively to those who are the actors in the operation.

When I look upon the wide field which here opens to my view, I am perplexed with too great a variety of objects. In one part, I see a decent and comely beginning of industry; wealth flowing gently in, to recompence ingenuity; numbers both augmenting, and every one becoming daily more useful to another; agriculture proportionally extending itself; no violent revolutions; no exorbitant profits; no insolence among the rich; no excessive misery among the poor; multitudes employed in producing; great oeconomy upon consumption; and all the instruments of luxury, daily produced by the hands of the diligent, going out of the country for the service of strangers; not remaining at home for the gratification of sensuality. At last the augmentations come insensibly to a stop. Then these rivers of wealth, which were in brisk circulation through the whole world, and which returned to this trading nation as blood returns to the heart, only to be thrown out again by new pulsations, begin to be obstructed in their course; and flowing abroad more slowly than before, come to form stagnations at home. These, impatient of restraint, soon burst out into domestic circulation. Upon this cities swell in magnificence of buildings; the face of the country is adorned with palaces, and becomes covered with groves; luxury shines triumphant in every part; inequality becomes more striking to the eye; and want and misery appear more deformed, from the contrast:
even

even fortune grows more whimsical in her inconstancy; the beggar of the other day, now rides in his coach; and he who was born in a bed of state, is seen to die in a gaol, or in an alms-house. Such are the effects of great domestic circulation.

The statesman looks about with amazement; he, who was wont to consider himself as the first man in the society in every respect, perceives himself, perhaps, eclipsed by the lustre of private wealth, which avoids his grasp when he attempts to seize it. This makes his government more complex and more difficult to be carried on; he must now avail himself of art and address as well as of power and force. By the help of cajoling and intrigues, he gets a little into debt; this lays a foundation for public credit, which, growing by degrees, and in its progress assuming many new forms, becomes, from the most tender beginnings, a most formidable monster, striking terror into those who cherished it in its infancy. Upon this, as upon a triumphant war horse, the statesman gets a-stride, he then appears formidable a-new; his head turns giddy; he is choaked with the dust he has raised; and at the moment he is ready to fall, to his utter astonishment and surprize, he finds a strong monied interest of his own creating, which, instead of swallowing him up as he apprehended, flies to his support. Through this he gets the better of all opposition, he establishes taxes, multiplies them, mortgages his fund of subsistence, either becomes a bankrupt, and rises again from his ashes; or if he be less audacious, he stands trembling and tottering for a while on the brink of the political precipice. From one or the other of these perilous situations, he begins to discover an endless path which, after a multitude of windings, still returns into itself, and continues an equal course through this vast labyrinth: but of this last part, more in the fourth book.

It is now full time to leave off rhapsody, and return to reasoning and cool inquiry, concerning the
more

more immediate and more general effects and revolutions produced by the opening of a foreign trade in a nation of industry.

The first and most sensible alteration will be an increase of demand for manufactures, because by supplying the wants of strangers, the number of consumers will now be considerably augmented. What again will follow upon this, must depend upon circumstances.

If this revolution in the state of demand should prove too violent, the consequence of it will be to *raise* demand; if it should prove gradual, it will *increase* it. I hope this distinction is well understood, and that the consequence appears just: for, if the supply do not increase in proportion to the demand, a competition will ensue among the demanders; which is the common effect of such sudden revolutions. If, on the other hand, a gentle increase of demand should be accompanied with a proportional supply, the whole industrious society will grow in vigour, and in wholesome stature, without being sensible of any great advantage or inconveniency; the change of their circumstances will even be imperceptible.

The immediate effects of the violent revolution will, in this example, be flattering to some, and disagreeable to others. Wealth will be found daily to augment, from the rising of prices, in many branches of industry. This will encourage the industrious classes, and the idle consumers at home will complain. I have already dwelt abundantly long upon the effects resulting from this to the lower classes of the people, in providing them with a certain means of subsistence. Let me now examine in what respect even the higher classes will be made likewise to feel the good effects of this general change, although at first they may suffer a temporary inconveniency from it.

Farmers, as has been observed, will have a greater difficulty in finding servants, who, instead of labouring the ground, will choose to turn themselves to manufactures. This we have considered in the light

of purging the lands of superfluous mouths; but every consequence in this great chain of politics draws other consequences after it, and as they follow one another, things put on different faces, which affect classes differently. The purging of the land is but one of the first; here follows another.

The desertion of the hands employed in a trifling agriculture will at first, no doubt, embarrass the farmers; but in a little time every thing becomes balanced in a trading nation, because *here every industrious* man must advance in prosperity, in spite of all general combinations of circumstances.

In the case before us, the relative profits upon farming must soon become greater than formerly, because of this additional expence which must affect the whole class of farmers; consequently, this additional expence, instead of turning out to be a loss to either landlord or farmer, will, after some little time, turn out to the advantage of both: because the produce of the ground, being indispensably necessary to every body, must in every article increase in its value. Thus in a short time accounts will be nearly balanced on all hands; that is to say, the same proportion of wealth will, *ceteris paribus*, continue the same among the industrious. I say among the industrious; for those who are either idle, or even negligent, will be great losers.

A proprietor of land, inattentive to the causes of his farmer's additional expence, may very imprudently suffer his rents to fall, instead of assisting him on a proper occasion, in order to make them afterwards rise the higher.

Those who live upon a determined income in money, and who are nowise employed in traffic, nor in any scheme of industry, will, by the augmentation of prices, be found in worse circumstances than before.

In a trading nation every man must turn his talents to account, or he will undoubtedly be left behind in this universal emulation, in which the most industrious,

ous, the most ingenious, and the most frugal will constantly carry off the prize.

This consideration ought to be a spur to every body. The richest men in a trading nation have no security against poverty, I mean proportional poverty; for though they diminish nothing of their income, yet by not increasing it in proportion to others, they lose their rank in wealth, and from the first class in which they stood, they will slide insensibly down to a lower.

There is one consequence of an additional beneficial trade, which raises demand and increases wealth; but if we suppose no proportional augmentation of supply, it will prove at best but an airy dream which lasts for a moment, and when the gilded scene is passed away, numberless are the inconveniencies which are seen to follow.

I shall now point out the natural consequences of this augmentation of wealth drawn from foreign nations, when the statesman remains inattentive to increase the supply both of food and manufactures, in proportion to the augmentation of mouths, and of the demand for the produce of industry.

In such a situation profits will daily swell, and every scheme for reducing them within the bounds of moderation, will be looked upon as a hurtful and unpopular measure: be it so; but let us examine the consequences.

We have said, that the rise of demand for manufactures, naturally increases the value of work: now I must add, that under such circumstances, the augmentation of riches, *in a country, either not capable of improvement as to the soil, or where precautions have not been taken for facilitating a multiplication of inhabitants, by the importation of subsistence,* will be productive of the most calamitous consequences.

On one side, this wealth will effectually diminish the mass of the food before produced; and on the other, will increase the number of useless consumers. The first of these circumstances will raise the demand for food; and the second will diminish the number of

useful free hands, and consequently raise the price of manufactures: here are shortly the outlines of this progress.

The more rich and luxurious a people are, the more delicate they become in their manner of living; if they fed on bread formerly, they will now feed on meat; if they fed on meat, they will now feed on fowl. The same ground which feeds a hundred with bread and a proportional quantity of animal food, will not maintain an equal number of delicate livers. Food must then become more scarce; demand for it rises; the rich are always the strongest in the market; they consume the food, and the poor are forced to starve. Here the wide door to modern distress opens; to wit, a hurtful competition for subsistence. Further, when a people become rich, they think less of economy; a number of useless servants are hired, to become an additional dead weight on consumption; and when their starving countrymen cannot supply the extravagance of the rich so cheaply as other nations, they either import instruments of foreign luxury, or seek to enjoy them out of their own country, and thereby make restitution of their gains.

Is it not therefore evident, that if, before things come to this pass, additional subsistence be not provided by one method or other, the number of inhabitants must diminish; although riches may daily increase by a balance of additional matter, supposed to be brought into the country in consequence of the hitherto beneficial foreign trade. This is not all. I say further, that the beneficial trade will last for a time only. For the infallible consequence of the rise of prices at home will be, that those nations which at first consumed your manufactures, perceiving the gradual increase of their price, will begin to work for themselves; or finding out your rivals who can supply them cheaper, will open their doors to them. These again, perceiving the great advantages gained by your traders, will begin to supply the market; and since every thing must be cheaper in countries where we do not suppose the concurrence of all the circumstances mentioned above,

above, these nations will supplant you, and be enriched in their turn.

Here comes a new revolution. Trade is come to a stop: what then becomes of all the hands which were formerly employed in supplying the foreign demands?

Were revolutions so sudden as we are obliged to represent them, all would go to wreck; in proportion as they happen by quicker or slower degrees, the inconveniencies are greater or smaller.

Prices, we have said, are made to rise by competition. If the competition of the strangers was what raised them, the distress upon the manufacturers will be in proportion to the suddenness of their deserting the market. If the competition was divided between the strangers and the home consumers, the inconveniencies which ensue will be less; because the desertion of the strangers will be in some measure made up by an increase of home consumption which will follow upon the fall of prices. And if, in the third case, the natives have been so imprudent as not only to support a competition with the strangers, and thereby disgust them from coming any more to market, but even to continue the competition between themselves, the whole loss sustained by the revolution will be national. Wealth will cease to augment, but the inconveniencies in place of being felt by the manufacturers, will only affect the state; those will continue in affluence, extolling the generosity of their countrymen, and despising the poverty of the strangers who had enriched them.

Domestic luxury will here prove an expedient for preserving from ruin the industrious part of a people, who, in subsisting themselves, had enriched their country. No change will follow in their condition; they will go on with a painful assiduity to labour, and if the consequences of it become now hurtful to one part of the state, they must, at least, be allowed to be essentially necessary for the support of the other.

But that luxury is no necessary concomitant of foreign trade in a nation where the true principles of it are understood, will appear very plain, from a contrast

traff I am now going to point out, in the example of a modern state, renowned for its commerce and frugality. The country I mean, is Holland.

A set of industrious and frugal people were assembled in a country, by nature subject to many inconveniencies, the removing of which necessarily employed abundance of hands. Their situation upon the continent, the power of their former masters, and the ambition of their neighbours, obliged them to keep great bodies of troops. These two articles added to the numbers of the community, without either enriching the state by their labour exported, or producing food for themselves or countrymen.

The scheme of a commonwealth was calculated to draw together the industrious; but it has been still more useful in subsisting them: the republican form of government, being there greatly subdivided, vests authority sufficient in every part of it, to make suitable provision for their own subsistence; and the tie which unites them, regards only matters of public concern. Had the whole been governed by one sovereign, or by one council, this important matter never could have been effectuated.

I imagine it would be impossible for the most able minister that ever lived, to provide nourishment for a country so extended as France, or even as England, supposing these as fully peopled as Holland is: even although it should be admitted that a sufficient quantity of food might be found in other countries for their subsistence. The enterprise would be too great, abuses would multiply; the consequence would be, that the inhabitants would die for want. But in Holland the case is different, every little town takes care of its own inhabitants; and this care, being the object of application and profit to so many persons, is accomplished with success.

When once it is laid down as a maxim in a country, that food must of necessity be got from abroad, in order to feed the inhabitants at home, the corn trade becomes considerable, and at the same time certain, regular, and permanent. This was the case in Holland:

land : as the inhabitants were industrious, the necessary consequence has been, a very extraordinary multiplication ; and at the same time such an abundance of grain, that instead of being in want themselves, they often supply their neighbours. There are many examples of England's being supplied with grain from thence, and, which is still more extraordinary, from the re-exportation of the very produce of its own fruitful soil.

It is therefore evident, that the only way to support industry, is to provide a supply of subsistence, constantly proportional to the demand that may be made for it. This is a precaution indispensably necessary for preventing hurtful competition. This is the particular care of the Dutch ; so long as it can be effectual, their state can fear no decline ; but whenever they come to be distressed in the markets, upon which they depend for subsistence, they will sink into ruin. It is by mere dint of frugality, cheap and parsimonious living, that the navigation of this industrious people is supported. Constant employment, and accumulation of almost imperceptible gains, fills their coffers with wealth, in spite of the large outgoings to which their own proper nourishment yearly forces them. The large profits upon industry in other countries, which are no proof of generosity, but a fatal effect of a scanty subsistence, is far from dazzling their eyes. They seldom are found in the list of competitors at any foreign port ; if they have their cargo to dispose of, they wait with pleasure in their own vessels, consuming their own provisions, and at last accept of what others have left. It may be said, that many other circumstances concur in favour of the Dutch, besides the article of subsistence. I shall not dispute this matter ; but only remind my reader of what was said in the first book, to wit, that if a computation be made of the hands employed in providing subsistence, and of those who are severally taken up in supplying every other want, their numbers will be found nearly to balance one another in the most luxurious countries. From this I conclude, that the

article of food, among the lower classes, must bear a very high proportion to all the other articles of their consumption; and therefore a diminution upon the price of subsistence, must be of infinite consequence to manufacturers, who are obliged to buy it. From this consideration, let us judge of the consequence of such augmentations upon the price of grain, as are familiar to us; 30 or 40 *per cent.* seems nothing. Now this augmentation operates upon two thirds, at least, of the whole expence of a labouring man: let any one who lives in tolerable affluence make the application of this to himself, and examine how he would manage his affairs if, by accidents of rains or winds, his expences were to rise 30 *per cent.* without a possibility of restraining them; for this is unfortunately the case with all the lower classes. From whence I conclude, that the keeping food cheap, and still more the preserving it at all times at an equal standard, is the fountain of the wealth of Holland; and that any hurtful competition in this article must beget a disorder which will affect the whole of the manufacturers of a state.

C H A P. X.

Of the Balance of Work and Demand.

IT is quite impossible to go methodically through the subject of political oeconomy, without being led into anticipations. We have frequently mentioned this balance of work and demand, and shewed how important a matter it is for a statesman to attend to it. The thing, therefore, in general is well understood, and all that remains to be done, is to render our ideas more determined concerning it, and more adequate, if possible, to the principles we have been laying down.

We

We have treated fully of demand, and likewise of competition. We have observed how different circumstances influence these terms, so as to make them represent ideas entirely different; and we have said that double competition supports the balance we are now to speak of, and that single competition overturns it.

The word demand in this chapter is taken in the most simple acceptation; and when we say that the balance between work and demand is to be sustained in equilibrio as far as possible, we mean that the quantity supplied should be in proportion to the quantity *demand*ed, that is, *wanted*. While the balance stands justly poised, prices are found in the adequate proportion of the real expence of making the goods, with a small addition for profit to the manufacturer and merchant.

I have, in the fourth chapter, observed how necessary a thing it is to distinguish the two constituent parts of every price; the value and the profit. Let the number of persons be ever so great, who, upon the sale of a piece of goods, share in the profits; it is still essential, in such enquiries as these, to suppose them distinctly separate from the real value of the commodity; and the best way possible to discover exactly the proportion between the one and the other, is by a scrupulous watchfulness over the balance we are now treating of, as we shall presently see.

The value and profits, combined in the price of a manufacture produced by one man, are easily distinguished, by means of the analysis we have laid down in the fourth chapter. As long as any market is *fully* supplied with this sort of work, and *no more*; those who are employed in it live by their trade, and gain no unreasonable profit; because there is then no violent competition upon one side only, neither between the workmen, nor between those who buy from them, and the balance gently vibrates under the influence of a double competition. This is the representation of a perfect balance.

This

This balance is overturned in four different ways.

Either the demand diminishes, and the work remains the same :

Or the work diminishes, and the demand remains :

Or the demand increases, and the work remains :

Or the work increases, and the demand remains.

Now each of these four combinations may, or may not, produce a competition upon one side of the contract only. This must be explained.

If demand diminishes, and work remains the same, which is the first case, either those who furnish the work will enter into competition, in which case they will hurt each other, and prices will fall below the reasonable standard of the even balance; or they will not enter into competition, and then, prices continuing as formerly, the whole demand will be supplied, and the remainder of the work will lie upon hand.

This is a symptom of decaying trade.

Let us now, on the other hand, suppose demand to increase, and work to remain as before.

This example points out no diminution on either side, as was the case before, but an augmentation upon one; and is either a symptom of growing luxury at home, or of an increase in foreign trade.

Here the same alteration of circumstances occurs. The demanders will either enter into competition and raise the price of work, or they will enter into no competition; but being determined not to exceed the ordinary standard of the perfect balance, will defer making their provision till another time, or supply themselves in another market; that is to say, the new demand will cease as soon as it is made, for want of a supply.

Whenever, therefore, this perfect balance of work and demand is overturned by the force of a simple competition, or by one of the scales preponderating, one of two things must happen; either a part of the demand is not answered, or a part of the goods is not sold.

These

These are the immediate effects of the overturning of the balance.

Let me next point out the object of the statesman's care, relatively to such effects, and shew the consequences of their being neglected.

We may now simplify our ideas, and instead of the former combinations, make use of other expressions which may convey them.

Let us therefore say, that the *fall* or *rise* upon either side of the balance, is *positive* or *relative*. *Positive*, when the side we talk of really augments beyond, or diminishes below the usual standard. *Relative*, when there is no alteration upon the side we speak of, and that the subversion of the balance is owing to an alteration on the other side. As for example:

Instead of saying demand diminishes and work remains the same, let us say, demand diminishes *positively*, or work increases *relatively*; according as the subject may lead us to speak either of the one or of the other. This being premised,

If the scale of work shall preponderate *positively*, it should be inquired, whether the quantity furnished has really swelled, in all respects beyond the proportion of the consumption, (in which case the statesman should diminish the number of hands, by throwing a part of them into a new channel) or whether the imprudence of the workmen has only made them produce their work unseasonably; in which case, proper information, and even assistance should be given them, to prevent merchants from taking the advantage of their want of experience: but these last precautions are necessary only in the infancy of industry.

If a statesman should be negligent on this occasion; if he should allow natural consequences to follow upon one another, just as circumstances shall determine; then it may happen, that workmen will keep upon hand that part of their goods which exceeds the demand, until necessity forces them to enter into competition with one another, and sell for what they can get. Now this competition is hurtful, because it is all

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on one side, and because we have supposed the preponderating of the scale of work to be an overturning of a perfect balance, which can by no means be set right, consistently with a scheme of thriving, but by the scale of demand becoming heavier, and re-establishing a double competition. Were this to happen before the workmen come to sell in competition, then the balance would again be even, after what I call a *short vibration*, which is no *subversion*; but when the scale of work remains too long in the same position, and occasions a strong, hurtful, and lasting competition, upon one side only, then, I say, the balance is *overturned*; because this diminishes the reasonable profits, or perhaps, indeed, obliges the workmen to sell below prime cost. The effect of this is, that the workmen fall into distress, and that industry suffers a discouragement; and this effect is certain.

But it may be asked, Whether, by this fall of prices, demand will not be increased? That is to say, Will not the whole of the goods be sold off?

I answer That this may, or may not, be the effect of the fall, according to circumstances: it is a contingent consequence of the simple, but not the effect of the double competition: the distress of the workmen is a certain and unavoidable consequence of the first.

But supposing this contingent consequence to happen, will it not set the balance even, by increasing the demand? I answer, the balance is then made even by a violent shock given to industry, but it is not set even from any principle which can support it, or make it flourish. Here is the criterion of a perfect balance: *A positive moderate profit must balance a positive moderate profit; the balance must vibrate, and no loss must be found on either side.* In the example before us, the balance stands even, it is true; the work and the demand are equally poised as to quantity; but it is a *relative profit*, which hangs in the scale, opposite to a *relative loss*. I wish this may be well understood; further illustrations will make it clear.

Next,

Next, let me suppose the scale of *demand* to preponderate positively. In this case, the statesman should be still more upon his guard, to provide a proportional supply; because the danger here may at first put on a shew of profit, and deceive him.

The consequences of this subversion of the balance are either.

1st, That a competition will take place among the demanders only, which will raise profits. Now, if after a short vibration, the supply comes to be increased by the statesman's care, no harm will ensue; competition will change sides, and profits will come down again to the perfect standard. But if the scale of demand remains preponderating, and so keeps profits high, the consequence will be, that in a little time, not only the immediate seller of the goods, but also every one who has contributed to the manufacture, will insist upon sharing these new profits. Now the evil is not, that every one should share, or that the profits should swell, as long as they are supported by demand, and as long as they can truly be considered as precarious; but the mischief is, that, in consequence of this wide repartition, and by such profits subsisting for a long time, they insensibly become *consolidated*, or, as it were, transformed into the intrinsic value of the goods. This, I say, is brought about by time; because the habitual extraordinary gains of every one employed induce the more luxurious among them to change their way of life insensibly, and fall into the habit of making greater consumptions, and engage the more slothful to remain idle, till they are exhausted. When therefore it happens, that large profits have been made for a considerable time, and that they have had the effect of forming a taste for a more expensive way of living among the industrious, it will not be the cessation of the demand, nor the swelling of the supply, which will engage them to part with their gains. Nothing will operate this effect but sharp necessity; and the bringing down of their profits, and the throwing the workmen into distress, are then simultaneous; which proves the truth of what

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I have said, that these profits become, by long habit, virtually *consolidated* with the real value of the merchandise. These are the consequences of a neglected simple competition, which raises the profits upon industry, and keeps the balance overturned for a considerable time.

2dly, Let me examine the consequences of this overturn in the actual preponderancy of demand, when it does not occasion a competition among the demanders, and consequently, when it does not increase the profits upon industry.

This case can only happen, when the commodity is not a matter of great necessity, or even of great use; since the desire of procuring it is not sufficient to engage the buyers to raise their price; unless, indeed, this difference should proceed from the ease of providing the same, in other markets, as cheap as formerly. This last is a dangerous circumstance, and loudly calls for the attention of the statesman. He must prevent, by all possible means, the desertion of the market, by a speedy supply for all the demand, and must even perhaps give encouragements to manufacturers, to enable them to diminish the prices fixed by the regular standard. This is the situation of a nation which is in the way of losing branches of her foreign trade; of which afterwards.

Whatever therefore be the consequence of the actual preponderancy of the scale of demand; that is, whether it tend to raise profits, or to discredit the market; the statesman's care should be directed immediately towards making the balance come even of itself, without any shock, and that as soon as possible, by increasing the supply. For if it be allowed to stand long in this overturned state, natural consequences will operate a forced restitution; that is, the rise in the price, or the call of a foreign market, will effectually cut off a proportional part of the demand, and leave the balance in an equilibrium, disadvantageous to trade and industry.

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In the former case, the manufacturers were forced to starve, by an unnatural restitution, when the relative profit and loss of individuals balanced one another. Here the manufacturers are enriched for a little time, by a rise of profits, relative to the loss the nation sustains, by not supplying the whole demand. This results from the competition of their customers; but so soon as these profits become *consolidated* with the intrinsic value, they will cease to have the advantage of profits, and, becoming in a manner necessary to the existence of the goods, will cease to be considered as advantageous. These forced restitutions then, brought about, as we have said, by selling goods below their value, by cutting off a part of the demand, or by sending it to another market, resembles the operation of a carrier, who sets his ass's burden even, by laying a stone upon the lightest end of it. He however loses none of his merchandize; but the absurdity of the statesman is still greater, for he appears willingly to open the heavy end of the load, and to throw part of his merchandize into the high-way.

I hope, by this time, I have sufficiently shewn the difference in effect between the *simple* and the *double* competition; between the *vibrations* of this balance of work and demand, and the *overturning* of it. When it vibrates in moderation, and by short alternate risings and sinkings, then industry and trade go on prosperously, and are in harmony with each other; because both parties gain. The industrious man is recompenced in proportion to his ingenuity; the intrinsic value of goods does not vary, nor deceive the merchant; profits on both sides fluctuate according to demand, but never get time to consolidate with, and swell the real value, and never altogether disappear, and starve the workman.

This happy state cannot be supported but by the care of the statesman; and when he is found negligent in the discharge of this part of his duty, the consequence is, that either the spirit of industry, which, it is supposed, has cost him much pains to cultivate, is extinguished, or the produce of it rises to so high a value, as to be out of the reach of a multitude of purchasers.

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The progress towards the one or the other of these extremes is easily perceived, by attending to the successive overturnings of the balance. When these are often repeated on the same side, and the balance set right, by a succession of forced restitutions only, the same scale preponderating a-new, then is the last period soon accomplished. When, on the contrary, the overturnings are alternate, sometimes the scale of demand overturning the balance, sometimes the scale of work, the last period is more distant. Trade and industry subsist longer, but they remain in a state of perpetual convulsion. On the other hand, when the balance gently vibrates, then work and demand, that is, trade and industry, like agriculture and population, prove mutually assisting to each other, in promoting their reciprocal augmentation.

In order therefore to preserve a trading state from decline, the greatest care must be taken, to support a perfect balance between the hands employed in work and the demand for their labour. That is to say, according to former definitions, to prevent demand from ever standing long at an immoderate height, by providing at all times a supply, sufficient to answer the greatest that ever can be made: or, in other words, still, in order to accustom my readers to certain expressions, to encourage the *great*, and to discourage the *high* demand. In this case, competition will never be found too strong on either side of the contract, and profits will be moderate, but sure, on both.

If, on the contrary, there be found too many hands for the demand, work will fall too low for workmen to be able to live; or, if there be too few, work will rise, and manufactures will not be exported.

For want of this just balance, no trading state has ever been of long duration, after arriving at a certain height of prosperity. We perceive in history the rise, progress, grandeur, and decline of Sydon, Tyre, Carthage, Alexandria, and Venice, not to come nearer home. While these states were on the growing
hand,

hand, they were powerful; when once they came to their height, they immediately found themselves labouring under their own greatness. The reason of this appears from what has been said.

While there is a demand for the trade of any country, inhabitants are always on the increasing hand. This is evident from what has been so often repeated in the first book, and confirmed by thousands of examples. There never was any branch of trade established in any kingdom, province, city, or even village; but such kingdom, province, &c. increased in inhabitants. While this gradual increase of people is in proportion to the growing demand for hands, the balance between work and demand is exactly kept up: but as all augmentations must at last come to a stop, when this happens, inconveniencies must ensue, greater or less, according to the negligence of the statesman, and the violence or suddenness of the revolution.

C H A P. XI.

Why, in Time this Balance is destroyed.

NOW let us examine what may be the reason why, in a trading and industrious nation; time necessarily destroys the perfect balance between work and demand.

We have already pointed out one general cause, to wit, the natural stop which must at last be put to augmentations of every kind.

Let us now apply this to circumstances, in order to discover in what manner natural causes operate this stop, either by preventing the increase of work, on one side of the balance, or the increase of demand, on the other. When once we discover how the stop is put to augmentations, we may safely conclude; that the con-

tinuation of the same or similar causes, will soon produce a diminution, and operate a decline.

We have traced the progress of industry, and shewn how it goes hand in hand with the augmentation of subsistence, which is the principal allurements to labour. Now the augmentation of food is relative to the soil, and as long as this can be brought to produce, at an expence proportioned to the value of the returns, agriculture, without any doubt, will go forward in every country of industry. But so soon as the progress of agriculture demands an additional expence, which the natural return, at the stated prices of subsistence, will not defray, agriculture comes to a stop, and so would numbers, did not the consequences of industry push them forward, in spite of small difficulties. The industrious then, I say, continue to multiply, and the consequence is, that food becomes scarce, and that the inhabitants enter into competition for it.

This is no contingent consequence, it is an infallible one; because food is an article of the first necessity, and here the provision is supposed to fall short of the demand. This raises the profits of those who have food ready to sell; and as the balance upon this article must remain overturned for some time, without the interposition of the statesman, these profits will be consolidated with the price, and give encouragement to a more extensive improvement of the soil. I shall here interrupt the examination of the consequences of this revolution as to agriculture, until I have examined the effects which the rise of the price of food produces on industry, and on the demand for it.

This augmentation on the value of subsistence must necessarily raise the price of all work, because we are here speaking of an industrious people fully employed, and because subsistence is one of the three articles which compose the intrinsic value of their work, as has been said.

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The rise therefore, upon the price of work, not being any augmentation of that part of the price which we call profits, as happens to be the case when a rise in demand has produced a competition among the buyers, cannot be brought down but by increasing the supply of subsistence; and were a statesman to mistake the real cause of the rise, and apply the remedy of increasing the quantity of work, in order to bring down the market, instead of augmenting the subsistence, he would occasion a great disorder; he would introduce the hurtful simple competition between people who labour for moderate profits, mentioned in the last chapter, and would throw such a discouragement upon their industry, as would quickly extinguish it altogether.

On the other hand, did he imprudently augment the subsistence, by large importations, he would put an end to the expensive improvements of the soil, and this whole enterprize would fall to nothing. Here then is a dilemma, out of which he can extricate himself by a right application of public money, only.

Such a necessary rise in the price of labour may either affect foreign exportation, or it may not, according to circumstances. If it does, the price of subsistence, at any rate, must be brought down, at least to those who supply the foreign demand; if it does not affect foreign exportation, matters may be allowed to go on; but still the remedy must be ready at hand, to be applied the moment it becomes expedient.

There is one necessary augmentation upon the prices of industry, brought about by a very natural cause, viz. the increase of population, which may imply a more expensive improvement of the soil; that is, an extension of agriculture. This augmentation may very probably put a stop to the augmentation of demand for many branches of manufactures, consequently may stop the progress of industry; and if the same causes continue to operate in a greater degree, it may also cut off a part of the former demand, may discredit the market, open a door to foreign consumption, and

produce the inconveniencies of poverty and distress, in proportion to the degree of negligence in the statesman.

I shall now give another example, of a very natural augmentation upon the intrinsic value of work, which does not proceed from the increase of population, but from the progress of industry itself; which implies no internal vice in a state, but which is the necessary consequence of the reformation of a very great one. This augmentation must be felt less or more in every country, in proportion as industry becomes extended.

We have said that the introduction of manufactures naturally tends to purge the lands of superfluous mouths: now this is a very slow and gradual operation. A consequence of it was said to be (Book I. Chap. xx.) an augmentation of the price of labour, because those who have been purged off, must begin to gain their whole subsistence at the expence of those who employ them.

If therefore, in the infancy of industry, any branch of it shall find itself assisted in a particular province, by the cheap labour of those mouths superfluously fed by the land, examples of which are very frequent, this advantage must diminish, in proportion as the cause of it ceases; that is, in proportion as industry is extended, and as the superfluous mouths are of consequence purged off.

This circumstance is of the last importance to be attended to by a statesman. Perhaps it was entirely owing to it, that industry was enabled to set up its head in this corner. How many examples could I give of this assistance given to manufacturers in different provinces, where I have found the value of a day's work, of spinning, for example, not equal to half the nourishment of the person. This is a great encouragement to the making of cloths; and accordingly we see some infant manufactures dispute the market with the produce of the greatest dexterity; the distaff dispute prices with the wheel. But when these provinces come to be purged of their superfluous mouths, spinning becomes a
trade,

trade, and the spinners must live by it. Must not then prices naturally rise? And if these are not supported by the statesman, or if assistance is not given to these poor manufacturers, to enable them to increase their dexterity, in order to compensate what they are losing in cheapness, will not their industry fail? Will not the poor spinners be extinguished? For it is not to be expected, that the landlord will receive them back again from a principle of charity, after he has discovered their former uselessness.

A third cause of a necessary augmentation upon the intrinsic value of goods proceeds from taxes. A statesman must be very negligent indeed, if he does not attend to the immediate consequences of his own proper operations. I shall not enlarge on this at present, as it would be an unnecessary anticipation; but I shall return, to resume the part of my reasoning which I broke off abruptly.

I have observed, how the same cause which stops the progress of industry, gives an encouragement to agriculture: how the rise in the price of subsistence necessarily increases the price of work to an industrious and well-employed people: how this cuts off a part of the demand for work, or sends it to a foreign market.

Now all these consequences are entirely just, and yet they seem contradictory to another part of my reasoning, (Book I. Chap. xvi.) where I set forth the advantages of a prodigal consumption of the earth's produce as advantageous to agriculture, by increasing the price of subsistence, without taking notice, on the other hand, of the hurt thereby done to industry, which supports the consumption of that produce.

The one and the other chain of consequences is equally just, and they appear contradictory only upon the supposition, that there is no statesman at the helm. These contradictions represent the alternate overturn of the balance. The duty of the statesman is, to support the double competition every where, and to permit only the gentle alternate vibrations of the two scales.

When the progress of industry has augmented numbers, and made subsistence scarce, he must estimate to what height it is expedient that the price of subsistence should rise. If he finds, that, in order to encourage the breaking up of new lands, the price of it must rise too high, and stand high too long, to preserve the intrinsic value of goods at the same standard as formerly; then he must assist agriculture with his purse, in order that exportation may not be discouraged. This will have the effect of increasing subsistence, according to the true proportion of the augmentation required, without raising the price of it too high. And if that operation be the work of time, and the demand for the augmentation be pressing, he must have subsistence imported, or brought from abroad, during that interval. This supply he may cut off whenever he pleases, that is, whenever it ceases to be necessary.

If the supply comes from a sister country, it must be so taken, as to occasion no violent revolution when it comes to be interrupted a-new. As for example: One province demands a supply of grain from another, only for a few years, until their own soil can be improved, so as to provide them sufficiently. The statesman should encourage agriculture, no doubt, in the province furnishing, and let the farmers know the extent of the demand, and the time it may probably last, as near as possible; but he must discourage the plucking up of vineyards, and even perhaps the breaking up of great quantities of old pasture; because upon the ceasing of the demand, such changes upon the agriculture of the province furnishing, may occasion a hurtful revolution.

While this foreign supply is allowed to come in, the statesman should be closely employed in giving such encouragement to agriculture at home, according to the principles hereafter to be deduced, as may nearly balance the discouragement given to it by this newly permitted importation. If this step be neglected, the consequence may be, that the foreign supply will go on increasing every year, and will extinguish the agriculture

ture already established in the country, in place of supplying a temporary exigency, which is within the power of the country itself to furnish. These, I suppose, were the principles attended to by the government of England, upon opening their ports for the importation of provisions from Ireland.

The principle, therefore, being to support a gentle increase of food, inhabitants, work, and demand, the statesman must suffer small vibrations in the balance, which, by alternate competition, may favour both sides of the contract; but whenever the competition stands too long upon either side, and threatens a subversion of the balance, then, with an artful hand, he must endeavour to load the lighter scale, and never, but in cases of the greatest necessity, have recourse to the expedient of taking any thing from the heaviest.

In treating of the present state of France, we observed, in the chapter above-cited, how the vibration of the balance of agriculture and population may carry food and numbers to their height; but as foreign trade was not there the direct object of inquiry, I did not care to introduce this second balance of work and demand, for fear of perplexing my subject. I hope I have now abundantly shewn the force of the different principles, and it must depend upon the judgment of the statesman to combine them together, and adapt them to his plan: a thing impossible to be even chalked out by any person who is not immediately at the head of the affairs of a nation. My work resembles the formation of the pure colours for painting, it is the artist's business to mix them: all I can pretend to, is to reason consequentially from suppositions. If I go at any time further, I exceed my plan, and I confess the fault.

I shall now conclude my chapter by introducing a new subject. I have been at pains to shew how the continued neglect of a statesman, in watching over the vibrations of the balance of work and demand, naturally produces a total subversion of it; but this is not,

of itself, sufficient to undo an industrious people. Other nations must be taught to profit of the disorder; and this is what I call the competition between nations:

C H A P. XII.

Of the Competition between Nations.

MANKIND daily profit by experience, and acquire knowledge at their own cost.

We have said that what lays the foundation of foreign trade, is the ease and conveniency which strangers find in having their wants supplied by those who have set industry on foot. The natural consequence of this foreign demand is to bring in wealth, and to promote augmentations of every kind. As long as these go on, it will be impossible for other nations to rival the traders, because their situation is every day growing better: dexterity increasing, diminishes the price of work; every circumstance, in short, becomes more favourable; the balance never vibrates, but by one of the scales growing positively heavier, and it is constantly coming even by an increase of weight on the other side. We have seen how these revolutions never can raise the intrinsic value of goods, and have observed that this is the road to greatness.

The slower any man travels, the longer he is in coming to his journey's end; and when his health requires travelling, and he cannot go far from home, he rides out in a morning, and comes home to dinner.

This represents another kind of vibration of the balance, and when things are come to such a height as to render a train of augmentations impossible, the next
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best expedient is, to permit alternate vibrations of diminution and augmentation.

Work augments, I shall suppose, and no more demand can be procured; it may then be a good expedient to diminish hands, by making soldiers of them; by employing them in public works; or by sending them out of the country to become useful in its colonies. These operations give a relative weight to the scale of demand, and revive a competition on that side. Then the industrious hands must be gently increased a-new, and the balance kept in vibration as long as possible. By these alternate augmentations and diminutions, hurtful revolutions, and the subversion of the balance, may be prevented. This is an expedient for standing still without harm, when one cannot go forward to advantage.

If such a plan be followed, an industrious nation will continue in a situation to profit of the smallest advantage from revolutions in other countries, occasioned by the subversion of *their* balance; which may present an opportunity of new vibrations by alternate augmentations.

On such occasions, the abilities of a statesman are discovered, in directing and conducting what I call the delicacy of national competition. We shall then observe him imitating the mariners, who do not take in their sails when the wind falls calm, but keep them trimmed and ready to profit of the least breath of a favourable gale. Let me follow my comparison. The trading nations of Europe represent a fleet of ships, every one striving who shall get first to a certain port. The statesman of each is the master. The same wind blows upon all; and this wind is the principle of self-interest, which engages every consumer to seek the cheapest and the best market. No trade wind can be more general, or more constant than this; the natural advantages of each country represent the degree of goodness of each vessel; but the master who sails his ship with the greatest dexterity, and he
who

who can lay his rivals under the lee of his sails, will, *cæteris paribus*, undoubtedly get before them, and maintain his advantage.

While a trading nation, which has got an established advantage over her rivals, can be kept from declining, it will be very difficult, if not impossible, for any other to enter into competition with her : but when the balance begins to vibrate by alternate diminutions ; when a decrease of demand operates a failure of supply ; when this again is kept low, in order to raise the competition of consumers ; and when, instead of restoring the balance by a gentle augmentation, a people are engaged, from the allurements of high profits, to discourage every attempt to bring down the market ; then the cissars of foreign rivalry will fairly trim off the superfluity of demand ; the simple competition will cease ; prices will fall, and a return of the same circumstances will prepare the way for another vibration downwards.

Such operations as these are just what is requisite for facilitating the competition of rival nations ; and the only means possible to engage those who did not formerly work, to begin and supply themselves.

Did matters stand so, the evil would be supportable ; strangers would only supply the superfluities of demand, and the balance would still be found in a kind of equilibrium at home. But, alas ! even this happy state can only be of short duration. The beginnings of trade with the strangers will prove just as favourable to the vibration of their balance, by augmentations, as it was formerly to the home-traders ; and now every augmentation to those must imply a diminution to the others. What will then become of those hands, in the trading nation, who subsist only by supplying the foreign market ? Will not this revolution work the same effect, as to them, as if an additional number of hands had been employed to supply the same consumption ? And will not this utterly destroy the balance among the traders, by throwing an unmountable

mountable competition on the side of the supply? It will however have a different effect from what might have happened, if the same number of hands had been thrown into the trading nation; for, in this case, they might only destroy the consolidated profits upon labour, and perhaps restore the balance: the inconvenience would be equally felt by every workman, but profit would result to the public. But in the other case, the old traders will find no foreign sale for their work; these branches of industry will fall below the price of subsistence, and the new beginners will have *reasonable* profits in supplying their own wants. I say *reasonable*, because this transition of trade from one nation to another, never can be sudden or easy; and can only take place in proportion to the rise in the intrinsic value of goods in that which is upon the decline, not in proportion to the rise in their profits upon the sale of them: for as long as the most extravagant profits do not become consolidated, as we have said, with the value of the work, a diminution of competition among the consumers, which may be occasioned by a beginning of foreign industry, will quickly make them disappear; and this will prove a fatal blow to the first undertakings of the rival nations. But when once they are fairly so consolidated, that prices can no more come down of themselves, and that the statesman will not lend his helping hand; then the new beginners pluck up courage, and set out by making small profits: because in all new undertakings there is mismanagement and considerable loss; and nothing discourages mankind from new undertakings more than difficult beginnings.

As long, therefore, as a trading state is upon the rising hand, or even not upon the decline, and while the balance is kept right without the expedient of alternate diminutions, work will always be supplied from that quarter, cheaper than it possibly can be furnished from any other, where the same dexterity does not prevail. But when a nation begins to lose ground, then the very columns which supported her grandeur,

grandeur, begin, by their weight, to precipitate her decline. The wealth of her citizens will support and augment home demand, and encourage that blind fondness for high profits, which it is impossible to preserve. The moment these consolidate to a certain degree, they have the effect of banishing from the market the demand of strangers, who only can enrich her. It is in vain to look for their return after the nation has discovered her mistake, although she should be able to correct it; because, before this can happen, her rivals will have profited of the golden opportunity, and during the infatuation of the traders, will, even by their assistance, have got fairly over the painful struggle against their superior dexterity.

Thus it happens, that so soon as matters begin to go backward in a trading nation, and that by the increase of their riches, luxury and extravagance take place of oeconomy and frugality among the industrious; when the inhabitants themselves foolishly enter into competition with strangers for their own commodities; and when a statesman looks coolly on, with his arms across, or takes it into his head, that it is not his business to interpose, the prices of the dexterous workman will rise above the amount of the mismanagement, loss, and reasonable profits, of the new beginners; and when this comes to be the case, trade will decay where it flourished most, and take root in a new soil. This I call a competition between nations.

C H A P. XIII.

How far the Form of Government of a particular Country may be favourable or unfavourable to a Competition with other Nations, in matters of Commerce.

THE question before us, though relative to another science, is not altogether foreign to this. I introduce it in this place, not so much for the sake of connexion, as by way of digression, which at the same time that it has a relation to general principles, may also prove a relaxation to the mind, after so long a chain of close reasoning.

In setting out, I informed my readers that I intended to treat of the political oeconomy of free nations only; and upon every occasion where I have mentioned slavery, I have pointed out how far the nature of it is contrary to the advancement of private industry, the inseparable concomitant of foreign and domestic trade.

No term is less understood than that of *liberty*, and it is not my intention, at present, to enter into a particular inquiry into all the different acceptations of it.

By a people's being free, I understand no more than their being governed by general laws, well known, not depending upon the ambulatory will of any man, or any set of men, and established so as not to be changed, but in a regular and uniform way; for reasons which regard the body of the society, and not through favour or prejudice to particular persons, or particular classes. In so far as a power of dispensing with, restraining or extending general laws, is left in the hands of any governor, in so far, I consider public liberty as precarious. I do not say it is hereby hurt; this will depend upon the use made of such prerogatives. According to this definition of liberty, a people may be found to enjoy freedom under the most despotic

despotic forms of government ; and perpetual service itself, where the master's power is limited according to natural equity, is not altogether incompatible with liberty in the servant.

Here new ideas present themselves concerning the general principles of *subordination* and *dependence* among mankind ; which I shall lay before my reader before I proceed, submitting the justness of them to his decision.

As these terms are both relative, it is proper to observe, that by *subordination* is implied an authority which superiors have over inferiors ; and by *dependence*, is implied certain advantages which the inferiors draw from their subordination : a servant is under *subordination* to his master, and *depends* upon him for his subsistence.

Dependence is the only bond of society ; and I have observed, in the fourth chapter of the first book, that the dependence of one man upon another for food, is a very natural introduction to slavery. This was the first contrivance mankind fell upon, in order to become useful to one another.

Upon the abolishing of slavery, from a principle of christianity, the next step taken, was the establishment of an extraordinary subordination between the different classes of the people ; this was the principle of the feudal government.

The last refinement, and that which has brought liberty to be generally extended to the lowest denominations of a people, without destroying that dependence necessary to serve as a band of society, was the introduction of industry : by this is implied, the circulation of an adequate equivalent for every service, which procures to the rich, every advantage they could expect to reap, either from the servitude or dependence of the poor ; and to these again, every comfort they could wish to enjoy under the mildest slavery, or most gentle subordination.

From this exposition, I divide dependence into three kinds. The first natural, between parents and children ; the second political, between masters and servants,

servants, lords and vassals, Princes and subjects; the third commercial, between the rich and the industrious.

May I be allowed to transgress the limits of my subject for a few lines, and to dip so far into the principles of the law of nature, as to enquire, how far subordination among men is thereby authorized? I think I may decide, *that in so far as the subordination is in proportion to the dependence, in so far it is reasonable and just.* This represents an even balance. If the scale of subordination is found too weighty, tyranny ensues, and licentiousness is implied, in proportion as it rises above the level. From this let me draw some conclusions.

1^{mo}. He who depended upon another, for the preservation of a life justly forfeited, and at all times in the power of him who spared it, was, by the civil law, called a slave. This surely is the highest degree of dependence.

2^{do}. He who depends upon another for every thing necessary for his subsistence, seems to be in the second degree; this is the dependence of children upon their parents.

3^{io}. He who depends upon another for the means of procuring subsistence to himself by his own labour, stands in the third degree: this I take to have been the case between the feudal lords, and the lowest classes of their vassals, the labourers of the ground.

4^{to}. He who depends totally upon the sale of his own industry, stands in the fourth degree: this is the case of tradesmen and manufacturers, with respect to those who employ them.

These I take to be the different degrees of subordination between man and man, considered as members of the same society.

In proportion, therefore, as certain classes, or certain individuals become more dependent than formerly, in the same proportion ought their just subordination to increase: and in proportion as they become less dependent than formerly, in the same proportion ought
this

this just subordination to diminish. This seems to be a rational principle : next for the application.

I deduce the origin of the great subordination under the feudal government, from the necessary dependence of the lower classes for their subsistence. They consumed the produce of the land, as the price of their subordination, not as the reward of their industry in making it produce.

I deduce modern liberty from the independence of the same classes, by the introduction of industry, and circulation of an adequate equivalent for every service.

If this doctrine be applied in order to resolve the famous question so much debated, concerning the origin of supreme authority, in so far as it is a question of the law of nature, I do not find the decision so very difficult : *All authority is in proportion to dependence, and must vary according to circumstances.*

I think it is as rational to say, that the fatherly power proceeded originally from the act of the children, as to say, that the great body of the people who were fed, and protected by a few great lords, was the fountain of power, and creator of subordination. Those who have no other equivalent to give for their food and protection, must pay in personal service, respect, and submission ; and so soon as they come to be in a situation to pay a proper equivalent for these dependencies, in so far they acquire a title to liberty and independence. The feudal lords, therefore, who, with reason, had an entire authority over many of their vassals, being subdued by their King ; the usurpation was upon *their* rights, not upon the rights of the lower classes : but when a King came to extend the power he had over the vassals of the lords, to the inhabitants of cities, who had been independent of that subordination, his usurpation became evident.

The rights of Kings, therefore, are to be sought for in history ; and not founded upon the supposition of tacit contracts between them and their people, inferred from the principles of an imaginary law of nature, *which makes all mankind equal* : nature can never be in opposition to common reason.

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The general principle I have laid down, appears, in my humble opinion, more rational than that imaginary contract; and as consonant to the full with the spirit of free government. If the original tacit contract of government between Prince and people is admitted universally, then all governments ought to be similar; and every subordination, which appears contrary to the entire liberty and independence of the lowest classes, ought to be construed as tyrannical; whereas, according to my principle, the subordination of classes may, in different countries, be vastly different; the prerogative of one sovereign may, from different circumstances, be far more extended than that of another.

May not one have attained the sovereignty (by the free election of the people, I suppose) because of the great extent of his possessions, number of his vassals and dependence, quantity of wealth, alliances and connexions with neighbouring sovereigns? Had not, for example, such a person as Hugh Capet, the greatest feudal Lord of his time, a right to a much more extensive jurisdiction over his subjects, than could reasonably be aspired to by a King of Poland, sent from France, or from Germany, and set at the head of a republic, where he has not one person depending upon him for any thing.

The power of Princes, as *Princes*, must then be distinguished from the power they derive from other circumstances, which do not necessarily follow in consequence of their elevation to the throne. It would, I think, be the greatest absurdity to advance, that the title of King abolishes, of itself, the subordination due to the person who exercises the office of that high magistracy.

Matter of fact, which is stronger than all reasoning, demonstrates the force of the principle here laid down. Do we not see how subordination rises and falls under different reigns, under a rich Elizabeth, and a necessitous Charles, under a powerful Austrian, and a distressed Bavarian Emperor? I proceed no further in

the examination of this matter : perhaps my reader has decided that I have gone too far already.

From these principles may be deduced the boundaries of subordination. A people who depend upon nothing but their own industry for their subsistence, ought to be under no further subordination, than what is necessary for their protection. And as the protection of the whole body of such a people implies the protection of every individual, so every political subordination should there be general and equal: no person, no class should be under a greater subordination than another. This is the subordination of the laws; and whenever laws establish a subordination more than what is proportionate to the dependence of those who are subordinate, in so far such laws may be considered as contrary to natural equity, and arbitrary.

These things premised, I come to the question proposed, namely, How far particular forms of government are favourable or unfavourable to a competition with other nations, in point of commerce?

If we reason from facts, and from experience, we shall find, that trade and industry have been found mostly to flourish under the republican form, and under those which have come the nearest to it. May I be allowed to say, that, perhaps, one principal reason for this has been, that under these forms the administration of the laws has been the most uniform, and consequently, that most liberty has *actually* been there enjoyed: I say *actually*, because I have said above, that in my acceptance of the term, liberty is equally compatible with monarchy as with democracy; I do not say the enjoyment of it is equally secure under both; because under the first it is much more liable to be destroyed.

The life of the democratical system is equality. Monarchy conveys the idea of the greatest inequality possible. Now if, on one side, the equality of the democracy secures liberty; on the other, the moderation in
expence

expenſe diſcourages induſtry; and if, on one ſide, the inequality of the monarchy endangers liberty, the progreſs of luxury encourages induſtry on the other. From whence we may conclude, that the democratical ſyſtem is naturally the beſt for giving birth to foreign trade; the monarchical, for the refinement of the luxurious arts, and for promoting a rapid circulation of inland commerce.

The danger which liberty is expoſed to under monarchy, and the diſcouragement to induſtry, from the frugality of the democracy, are only the natural and immediate effects of the two forms of government; and theſe inconveniencies will only take place while ſtateſmen neglect the intereſt of commerce, ſo far as not to make it an object of adminiſtration.

The diſadvantage, therefore, of the monarchical form, in point of trade and induſtry, does not proceed from the inequality it eſtabliſhes among the citizens, but from the conſequence of this inequality, which is very often accompanied with an arbitrary and undetermined ſubordination between the individuals of the higher claſſes, and thoſe of the lower; or between thoſe veſted with the execution of the laws, and the body of the people. The moment it is found that any ſubordination within the monarchy, between ſubject and ſubject, is left without proper bounds preſcribed, liberty is ſo far at an end. Nay monarchy itſelf is thereby hurt, as this undetermined ſubordination implies an arbitrary power in the ſtate, not veſted in the monarch. *Arbitrary* power never can be delegated; for if it be *arbitrary*; it may be turned againſt the monarch, as well as againſt the ſubject.

I might therefore ſay, that when ſuch a power in individuals is conſtitutional in the monarchy, ſuch monarchy is not a government, but a tyranny, and therefore falls without the limits of our ſubject: and when ſuch a power is anti-conſtitutional, and yet is exerciſed, that it is an abuſe, and ſhould be overlooked. But as the plan of this inquiry engages me to inveſtigate the operations of general principles, and the con-

sequences they produce, I cannot omit, in this place, to point out those which flow from an undetermined subordination, from whatever cause it may proceed.

Whether this undetermined subordination between individuals, be a *vice* in the constitution of the government, or an *abuse*, it is the same thing as to the consequences which result from it. It is this which checks and destroys industry, and which in a great measure prevents its progress from being equal in all countries. This difference in the form or administration of governments, is the only one which it is essentially necessary to examine in this inquiry; and so essential it is, in my opinion, that I imagine it would be less hurtful, in a plan for the establishment of commerce, fairly, and at once, to enslave the lower classes of the inhabitants, and to make them vendible like other commodities, than to leave them nominally free, burthened with their own maintenance, charged with the education of their children, and at the same time, under an irregular subordination; that is, liable at every moment to be loaded with new prestations or impositions, either in work or otherwise, and to be fined or imprisoned at will by their superiors.

It produces no difference, whether these irregularities be exercised by those of the superior classes, or by the statesman and his substitutes. It is the irregularity of the exactions more than the extent of them which ruins industry. It renders living precarious, and the very idea of industry should carry along with it, not only an assured livelihood, but a certain profit over and above.

Let impositions be ever so high, provided they be proportional, general, gradually augmented, and permanent, they may have indeed the effect of stopping foreign trade, and of starving the idle, but they never will ruin the industrious, as we shall have occasion to shew in treating of taxation. Whereas, when they are arbitrary, falling unequally upon individuals of the same condition, sudden and frequently changing their object, it is impossible for industry to stand its ground. Such a system of oeconomy introduces an unequal competition

petition among those of the same class, it stops industrious people in the middle of their career, discourages others from exposing to the eyes of the public *the ease of their circumstances*, consequently encourages hoarding; this again excites rapaciousness upon the side of the statesman, who sees himself frustrated in his schemes of laying hold of private wealth.

From this a new set of inconveniencies follow. He turns his views upon solid property. This inspires the landlords with *indignation* against *him* who can load *them* at will; and with *envy* against the *monied interest*, who can baffle his attempts. This class again is constantly upon the catch to profit of the public distress for want of money. What is the consequence of all this? It is, that the lowest classes of the people, who ought by industry to enrich the state, find on one hand the monied interest constantly amassing, in order to lend to the state, instead of distributing among *them*, by seasonable loans, their superfluous income, with a view to share the reasonable profits of their ingenuity; and on the other hand, they find the emissaries of taxation robbing them of the seed before it is sown, instead of waiting for a share in the harvest.

Under the feudal form of government, liberty and independence were confined to the nobility. Birth opened the door of preferment to some, and birth as effectually shut it against others. I have often observed how, by reason and from experience, such a form of government must be unfavourable both to trade and industry.

From reason it is plain, that industry must give wealth, and wealth *will* give power, if he who possesses it be left the master to employ it as he pleases. A government could not therefore encourage a system which tended to throw power into the hands of those who were only made to obey. It was consequently very natural for the nobility to be jealous of wealthy merchants, and of every one who became easy and independent by means of their own industry; experience proved how exactly this principle regulated their administration.

A statesman ought, therefore, to consider attentively every circumstance of the constitution of his country, before he sets on foot the modern system of trade and industry. I am far from being of opinion that this is the only road to happiness, security, and ease; though, from the general taste of the times I live in, it be the system I am principally employed to examine. A country may be abundantly happy, and sufficiently formidable to those who come to attack it, without being extremely rich. Riches indeed are forbid to all who have not mines, or foreign trade.

If a country be found labouring under many natural disadvantages from inland situation, barren soil, distant carriage, it would be in vain to attempt a competition with other nations in foreign markets. All that can be then undertaken is a passive trade, and that only in so far as it can bring in additional wealth. When little money can be acquired, the statesman's application must be, to make that already acquired to circulate as much as possible, in order to give bread to every one in the society.

In countries where the government is vested in the hands of the great lords, as is the case in all aristocracies, as was the case under the feudal government, and as it still is the case in many countries in Europe, where trade, however, and industry are daily gaining ground; the statesman who sets the new system of political oeconomy on foot, may depend upon it, that either his attempt will fail, or the constitution of the government will change. If he destroys all arbitrary dependence between individuals, the wealth of the industrious will share, if not totally root out the power of the grandees. If he allows such a dependence to subsist, his project will fail.

While Venice and Genoa flourished, they were obliged to open the doors of their senate to the wealthy citizens, in order to prevent their being broken down. What is venal nobility? The child of commerce, the indispensable consequence of industry, and a middle term, which our Gothic ancestors found themselves obliged

obliged to adopt, in order not entirely to lose their own rank in the state. Money, they found, must carry off the fasces, so they chose rather to adopt the wealthy plebeians, and to clothe ignoble shoulders with their purple mantle, than to allow these to wrest all authority out of the hands of the higher class. By this expedient, a sudden revolution has often been prevented. Some kingdoms have been quit for a bloody rebellion, or a long civil war. Other countries have likewise demonstrated the force of the principles here laid down: a wealthy populace has broken their chains to pieces, and overturned the very foundations of the feudal system.

All these violent convulsions have been owing to the short-sightedness of statesmen; who, inattentive to the consequences of growing wealth and industry, foolishly imagined that hereditary subordination was to subsist among classes, whose situation, with respect to each other, was entirely changed.

The pretorian cohorts were at first subordinate to the orders of the Emperors, and were the guards of the city of Rome. The Janissaries are understood to be under the command of the principal officers of the Porte. So soon as the leading men of Rome and Constantinople, who naturally were entitled to govern the state, applied to these tumultuous bodies for their protection and assistance, they in their turn, made sensible of their own importance, changed the constitution, and shared in the government.

A milder revolution, entirely similar, is taking place in modern times: and an attentive spectator may find amusement in viewing the progress of it in many states of Europe. *Trade and industry* are in vogue; and their establishment is occasioning a wonderful fermentation with the remaining fierceness of the feudal constitution.

Trade and industry owed their establishment to *war* and to *ambition*; and perhaps mankind may hope to see the day when they will put an end to the first, by exposing the expensive folly of the latter.

Trade and industry, I say, owed their establishment to the ambition of princes, who supported and favour-

ed the plan in the beginning, principally with a view to enrich themselves, and thereby to become formidable to their neighbours. But they did not discover, until experience taught them, that the wealth they drew from such fountains was but the overflowing of the spring; and that an opulent, bold, and spirited people, having the fund of the prince's wealth in their own hands, have it also in their own power, when it becomes strongly their inclination to shake off his authority. The consequence of this change has been the introduction of a more mild, and a more regular plan of administration. The money gatherers are become more useful to princes, than the great lords; and those who are fertile in expedients for establishing public credit, and for drawing money from the coffers of the rich, by the imposition of taxes, have been preferred to the most wise and most learned counsellors.

As this system is new, no wonder if it has produced phenomena both new and surprising. Formerly, the power of Princes was employed to destroy liberty, and to establish arbitrary subordination; but in our days, we have seen those who have best comprehended the true principles of the new plan of politics, arbitrarily limiting the power of the higher classes, and thereby applying their authority towards the extension of public liberty, by extinguishing every subordination, other than that due to the established laws.

The fundamental maxim of some of the greatest ministers has been to restrain the power of the great lords. The natural inference that people drew from such a step, was, that the minister thereby intended to make every thing depend on the prince's will only. This I do not deny. But what use have we seen made of this new acquisition of power? Those who look into events with a political eye, may perceive several acts of the most arbitrary authority exercised by some late European sovereigns, with no other view than to establish public liberty upon a more extensive bottom. And

And although the prerogative of some princes be increased considerably beyond the bounds of the antient constitution, even to such a degree as perhaps justly to deserve the name of usurpation; yet the consequences resulting from the revolution, cannot every where be said, upon the whole, to have impaired what I call *public liberty*. I should be at no loss to prove this assertion from matters of fact, and by examples, did I think it proper; it seems better to prove it from reason.

When once a state begins to subsist by the consequences of industry, there is less danger to be apprehended from the power of the sovereign. The mechanism of his administration becomes more complex, and, as was observed in the introduction to the first book, he finds himself so bound up by the laws of his political oeconomy, that every transgression of them runs him into new difficulties.

I only speak of governments which are conducted systematically, constitutionally, and by general laws; and when I mention princes, I mean their councils. The principles I am enquiring into, regard the cool administration of their government; it belongs to another branch of politics, to contrive bulwarks against their passions, vices and weaknesses, as men.

I say, therefore, that from the time states have begun to be supported by the consequences of industry, the plan of administration has become more moderate; has been changing and refining by degrees; and every change, as has been often observed, must be accompanied with inconveniencies.

It is of governments as of machines, the more they are simple, the more they are solid and lasting; the more they are artfully composed, the more they become useful; but the more apt they are to be out of order.

The Lacedemonian form may be compared to the wedge, the most solid and compact of all the mechanical powers. Those of modern states to watches, which are continually going wrong; sometimes the
spring

spring is found too weak, at other times too strong for the machine: and when the wheels are not made according to a determined proportion, by the able hands of a Graham, or a Julien le Roy, they do not tally well with one another; then the machine stops, and if it be forced, some part gives way; and the workman's hand becomes necessary to set it right.

C H A P. XIV.

Security, Ease and Happiness, no inseparable Concomitants of Trade and Industry.

THE republic of Lycurgus represents the most perfect plan of political oeconomy, in my humble opinion, any where to be met with, either in ancient or modern times. That it existed cannot be called in question, any more than that it proved the most durable of all those established among the Greeks; and if at last it came to fail, it was more from the abuses which gradually were introduced into it, than from any vice in the form.

The simplicity of the institution made the solidity of it; and had the Lacedemonians at all times adhered to the principles of their government, and spirit of their constitution, they might perhaps have subsisted to this very day.

My intention, in this chapter, is not to enter into a critical disquisition concerning the mechanism of every part of the Spartan republic; but to compare the general plan of Lycurgus's political oeconomy with the principles we have been laying down.

Of this plan we have a description in the life of that legislator written by Plutarch, one of the most judicious authors to be met with in any age.

This

This historian flourished at least 800 years after the institution of the plan he describes. A plan never reduced into a system of written laws, but stamped at first upon the minds of the Spartans by the immediate authority of the gods, which made them submit to the most violent revolution that perhaps ever took place in any nation, and which they supported for so many ages by the force of education alone.

As the whole of Lycurgus's laws was transmitted by tradition only, it is not to be supposed, that the description Plutarch, or indeed any of the antients, have given us of this republic, can be depended on with certainty as a just representation of every part of the system laid down by that great statesman. But on the other hand, we may be very sure, that as to the outlines of the institution, we have them transmitted to us in all their purity; and, in what relates to my subject, I have no occasion to launch out into any particulars which may imply the smallest controversy, as to the matter of fact.

Property among the Lacedemonians, at the time when Lycurgus planned his institution, was very unequally divided; the consequence of which, says our historian, was to draw many poor people into the city, where the wealth was gathered into few hands; that is, according to our language, *the luxury of the rich, who lived in the city had purged the lands of useless mouths, and the instability of the government had rendered industry precarious, which must have opened the door to general distress among all the lower classes.*

The first step our legislator took, was to prepare the spirit of the people, so as to engage them to submit to a total reform, which could not fail of being attended with innumerable inconveniencies.

For this purpose he went to Delphi, without having communicated his design to any body. The Pythia declared him to be the darling of the gods, and rather a god than a man; and publicly gave out, that Apollo had delivered to him alone the plan of a republic which far exceeded every other in perfection.

What

What a powerful engine was this in the hands of a profound politician, who had travelled over the world with a previous intention to explore the mysteries of the science of government ! and what advantages did such an authentic recommendation, coming directly (as was believed) from the voice of the Divinity, give him over a superstitious people, in establishing whatever form of government he thought most proper !

The sagacious Lacedemonian did not, however, entirely depend upon the blind submission of his countrymen to the dictates of the oracle ; but wisely judged that some preparatory steps might still be necessary. He communicated, therefore, his plan, first to his friends, and then by degrees to the principal people of the state, who certainly never could have been brought to relish an innovation so prejudicial to their interest, had it not been from the deepest reverence and submission to the will of the gods. Assured of their assistance, he appeared in the market place, accompanied by his party, all in arms ; and having imposed respect, he laid the foundation of his government by the nomination of a senate.

Whatever regards any other object than his plan of political oeconomy, shall be here passed over in silence. It is of no consequence to my inquiry, where the supreme power was vested : it is sufficient to know that there was an authority in the state sufficient to support the execution of his plan.

He destroyed all inequality at one stroke. The property of all the lands of the state was thrown together, and became at the disposal of the legislator. Every branch of industry was proscribed to the citizens. And a monied interest was made to disappear, by the introduction of iron coin. The lands he divided into equal lots, according to the number of citizens.

Thus all were rendered entirely equal in point of fortune, as neither wealth, industry, or lands, could give a superiority to any body. From this part of the plan I conclude, that Lycurgus discovered the utter

ter insufficiency of an agrarian law for establishing equality among the individuals of a state, without proscribing, at the same time, both wealth and industry. A circumstance which seems to have escaped every other statesman in antient times, as well as the modern patrons of equality and simplicity of manners. The lands were cultivated by the Helotes, who were nourished from them, and who were obliged to deliver the surplus, that is, a determined quantity of fruits, to the proprietor of the lot. Every necessary mechanic art was likewise exercised by this body of slaves.

By this distribution, the produce of the earth (that is every article of nourishment) came free and without cost to every individual of the state. The Spartan landlords were rather overseers of the slaves, and collectors of the public subsistence, than direct proprietors of the soil which produced it. For although every man was fed from his own lands, and provided his own portion, yet this portion was regulated, and was to be consumed in public; and any one who pretended to eat alone, or before he came to the public hall, was held in the utmost contempt.

Their cloathing was the most simple possible; perfectly alike, and could be purchased for a small value. This frugality produced no bad effect; because no man lived by his industry. Arts, as has been said, were exercised by the Helotes, the property of private citizens, and if such masters as entertained manufacturing slaves gained by that traffic (as some must do) every method of profiting of their superior riches was cut off.

The Spartans were continually together, they had nothing to do but to divert themselves; and their amusements were mostly martial exercises. The regulations of these numerous assemblies (which were compared, with great elegance and justness, to swarms of bees) cut off all outward marks of distinction. There was not a possibility for luxury to introduce itself, either in eating, drinking, cloathing, furniture, or any other expence.

Here

Here then was a whole nation fed and provided for gratuitously ; there was not the least occasion for industry ; the usefulness of which we have shewn principally to consist in its proving an expedient for procuring for the necessitous, what the Spartans found provided for them without labour.

Under such circumstances we may conclude, from the principles we have laid down, that a people thus abundantly nourished, must have multiplied exceedingly. And so no doubt they did. But the regulation of the lots permitted no more than a fixt number of citizens. Whenever, therefore, numbers were found to exceed this standard, the supernumeraries were dismissed, and sent to form colonies. And when the Helotes increased too much, and thereby began to rise above the proportion of the labour required of them, in order to prevent the consuming the food of their masters, which they had among their hands, and thereby becoming idle, licentious, and consequently dangerous to the state, it was permitted to destroy them by way of a military exercise, conducted by stratagem and address ; arts which this people constantly preferred in war, to labour, strength, and intrepidity.

This appears a very barbarous custom, and I shall not offer any thing as an apology for it, but the ferocity of the manners of those times. Abstracting from the cruelty, the restraining the numbers of that class within certain limits, was absolutely necessary. The Lacedæmonian slaves were in many respects far happier than those of other nations. They were in reality a body of farmers, which paid a certain quantity of fruits out of every lot ; to wit, 70 medimni of barley : their numbers were not recruited from abroad, as elsewhere, but supported by their own propagation ; consequently there was an absolute necessity either to prevent the over multiplication of them, or to diminish an income proportioned exactly to the necessities of the state : and what expedient could be fallen upon ? They were slaves, and therefore could not be inrolled in the number of citizens : they could not be sold to strangers,

strangers, for money which was forbid; and they were of no use to industry. No wonder then if the fierceness of the manners of those days permitted the inhuman treatment they received; which, however, Plutarch is far from attributing to the primitive institution of Lycurgus. Besides, when we see that the freemen themselves were obliged to quit the country the moment their numbers exceeded a certain standard, it was not to be expected, that useless slaves should be permitted to multiply at discretion.

From this sketch of Lycurgus's political oeconomy, we find the state abundantly provided with every necessary article; an effectual step put to vicious procreation among the citizens; and a corrective for the over multiplication of the slaves. The next care of a statesman is to regulate the employment of a people.

Every freeman in the state was bred up from his infancy to arms. No family care could prevent him from serving the state as a soldier; his children were no load upon him; it was the business of the Helotes to supply them with provisions; of the servants in town to prepare these, and the public tables were always ready furnished. The whole youth of Sparta was educated not as the children of their parents, but of the state. They imbibed the same sentiments of frugality, temperance, and love of simplicity. They exercised the same employment, and were occupied in the same way in every respect. The simplicity of Lycurgus's plan, rendered this a practicable scheme. The multiplicity and variety of employments among us, makes it absolutely necessary to trust the parents with the education of their children; whereas in Sparta, there were not two employments for a free man; there was neither orator, lawyer, physician, or politician, by profession to be found. The institutions of their lawgiver were constantly inculcated by the old upon the minds of the young; every thing they heard or saw, was relative to war. The very gods were represented in armour, and every precept they were taught, tended to banish superfluity, and to establish moderation and hard living.

The

The youth were continually striving together in all military exercises; such as boxing and wrestling. To keep up, therefore, a spirit of emulation, and to banish animosity at the same time, sharp, satirical expressions were much encouraged; but these were always to be seasoned with something gracious or polite. The grave demeanour likewise, and down-cast look which they were ordered to observe in the streets, and the injunction of keeping their hands within their robes, might very naturally be calculated to prevent quarrels, and especially blows, at times when the authority of a public assembly could not moderate the vivacity of their passions. By these arts, the Spartans lived in great harmony in the midst of a continual war.

Under such regulations a people must enjoy security from foreign attacks; and certainly the intention of the legislator never was to extend the limits of Laconia by conquest. What people could ever think of attacking the Lacedemonians, where nothing but blows could be expected?

They enjoyed ease in the most supreme degree; they were abundantly provided with every necessary of life; although, I confess, the enjoyment of them in so austere a manner, would not be relished by any modern society. But habit is all in things of this kind. A coarse meal to a good stomach, has more relish than all the delicacies of the most exquisite preparation to a depraved appetite; and if sensuality be reckoned among the pleasures of life, enough of it might have been met with in the manners of that people. It does not belong to my subject to enter into particular details on this head. But the most rational pleasure among men, the delightful communication of society, was here enjoyed to the utmost extent. The whole republic was continually gathered together in bodies, and their studies, their occupations, and their amusements, were the same. One taste was universal; and the young and the old being constantly together, the first under the immediate inspection and authority of the latter, the same sentiments were transmitted from generation

generation to generation. The Spartans were so pleased, and so satisfied with their situation, that they despised the manners of every other nation. If this does not transmit an idea of happiness, I am at a loss to form one. Security, ease, and happiness; therefore, are not inseparable concomitants of trade and industry.

Lycurgus had penetration enough to perceive the weak side of his institution. He was no stranger to the seducing influence of luxury; and plainly foresaw, that the consequences of industry, which procure to mankind a great variety of new objects of desire, and a wonderful facility in satisfying them, would easily root out the principles he had endeavoured to instil into his countrymen, if the state of simplicity should ever come to be sophisticated by foreign communications. He affected, therefore, to introduce several customs which could not fail of disgusting and shocking the delicacy of neighbouring states. He permitted the dead to be buried within the walls; the handling of dead bodies was not reckoned pollution among the Lacedæmonians. He forbade bathing, so necessary for cleanliness in a hot country: and the coarseness and dirtiness of their cloaths, and sweat from their hard exercises, could not fail to disgust strangers from coming among them. On the other hand, nothing was found at Sparta which could engage a stranger to wish to become one of their number. And to prevent the contagion of foreign customs from getting in, by means of the citizens themselves, he forbade the Spartans to travel; and excluded from any employment in the state, those who had got a foreign education. Nothing but a Spartan breeding could have fitted a person to live among them.

The theft encouraged among the Lacedæmonians was calculated to make them artful and dexterous; and contained not the smallest tincture of vice. It was generally of something eatable, and the frugality of their table prompted them to it; while on the other hand, their being exposed to the like reprisals, made them watchful and careful of what belonged to them-

selves; and the pleasure of punishing an unsuccessful attempt, in part indemnified them for the trouble of being constantly upon their guard. A Lacedemonian had nothing of any value that could be stolen; and it is the desire and intention of making unlawful gain, which renders theft either criminal or scandalous.

The hidden intercourse between the Spartans and their young wives was, no doubt, calculated to impress upon the minds of the fair sex, the wide difference there is between an act of immodesty, and that of simply appearing naked in the public exercises; two things which we are apt to confound, only from the impression of our own customs. I am persuaded that many a young person has felt her modesty as much hurt by taking off her handkerchief, the first time she appeared at court, as any Lacedemonian-girl could have done by stripping before a thousand people; yet both her reason and common sense, must make her sensible of the difference between a compliance with a custom in a matter of dress, and a palpable transgression against the laws of her honour, and the modesty of her sex.

I have called this Lacedemonian republic a perfect plan of political oeconomy; because it was a system, uniform and consistent in all its parts. *There*, no superfluity was necessary, because there was no occasion for industry, to give bread to any body. *There*, no superfluity was permitted, because the moment the limits of the absolutely necessary are transgressed, the degrees of excess are quite indeterminate, and become purely relative. The same thing which appears superfluity to a peasant, appears necessary to a citizen; and the utmost luxury of this class, frequently does not come up to what is thought the mere necessary for one in a higher rank. Lycurgus stooped at the only determined frontier, the pure physical necessary. All beyond this was considered as abusive.

The only things in commerce among the Spartans were,

1mo. What might remain to them of the fruits of their lot, over their own consumption; and *2do.* The work

work of the slaves employed in trades. The numbers of these could not be many, as the timber of their houses was worked only with the saw and ax; and every utensil was made with the greatest simplicity. A small quantity, therefore, of iron coin, as I imagine, must have been sufficient for carrying on the circulation at Sparta. The very nature of their wants must, as I have said, terminate all their commerce, in the exchange of their surplus-food of their portions of land, with the work of the manufacturing slaves, who must have been fed from it.

As the Lacedemonians had no mercantile communication with other nations, the iron coin was no more than a bank note of no intrinsic value, as I suppose, but a middle term introduced for keeping accounts, and for facilitating barter. An additional argument for this opinion of the coin being of no intrinsic value, is, that it is said to have been rendered unserviceable for other uses, by being flaked in vinegar. In order consequently to destroy, as they imagined, any intrinsic value which might therein otherwise remain. If this coin, therefore, was made of an extraordinary weight, it must have been entirely with a political view of discouraging commerce and circulation, an institution quite consistent with the general plan, and nowise a consequence of the baseness of the metal of which it was made: a small quantity of this, with the stamp of public authority for its currency and value, would have answered every purpose equally well.

Let me now conclude this chapter by an illustration of the subject, which will still more clearly point out the force of the principles upon which this Lacedemonian republic was established.

Were any Prince in Europe, whose subjects, I shall suppose, may amount to six millions of inhabitants, one half employed in agriculture, the other half employed in trade and industry, or living upon a revenue already acquired; were such a Prince, I say, supposed to have authority sufficient to engage his people to adopt a new plan of oeconomy, calculated to secure them against the designs of a powerful neighbour,

who, I shall suppose, has formed schemes of invading and subduing them.

Let him engage the whole proprietors of land to renounce their several possessions; or if that supposition should appear too absurd, let him contract debts to the value of the whole property of the nation; let the land-tax be imposed at twenty shillings in the pound, and then let him become bankrupt to the creditors. Let the income of all the lands be collected throughout the country for the use of the state; let all the luxurious arts be proscribed; and let those employed in them be formed, under the command of the former land proprietors, into a body of regular troops, officers and soldiers, provided with every thing necessary for their maintenance, and that of their wives and families at the public expence. Let me carry the supposition further. Let every superfluity be cut off; let the peasants be enslaved, and obliged to labour the ground with no view of profit to themselves, but for simple subsistence; let the use of gold and silver be proscribed; and let all these metals be shut up in a public treasure. Let no foreign trade, and very little domestic be encouraged; but let every man, willing to serve as a soldier, be received and taken care of; and those who either incline to be idle, or who are found superfluous, be sent out of the country. I ask, what

combination, among the modern European Princes, would carry on a successful war against such a people?

What article would be wanting to their ease, that is, to their ample subsistence? Their happiness would depend upon the temper of their mind. And what country could defend themselves against the attack of such an enemy? Such a system of political oeconomy, I readily grant, is not likely to take place; but if ever it did, would it not effectually dash to pieces the whole fabric of trade and industry, which has been forming for so many years? And would it not quickly oblige every other nation to adopt, as far as possible, a similar conduct, from a principle of self-preservation.

C H A P. XV.

A general View of the Principles to be attended to by a Statesman, who resolves to establish Trade and Industry upon a lasting footing.

THE two preceding chapters I have introduced purposely to serve as a relaxation to the mind, like a farce between the acts of a serious opera. I now return to the place where I broke off my subject, at the end of the twelfth chapter.

It is a great assistance to memory, now and then to assemble our ideas, after certain intervals, in going through an extensive subject. No part of it can be treated of with distinctness, without banishing combinations; and no part of it can be applied to practice, or adapted to any plan without attending to combinations almost infinite.

For this reason nothing can appear more inconsistent than the spirit which runs through some parts of this book, if compared with that which prevailed in the first. *There* luxury was looked on with a favourable eye, and every augmentation of superfluity was considered as a method of advancing population. We were then employed in drawing mankind, as it were, out of a state of idleness, in order to increase their numbers, and engage them to cultivate the earth. We had no occasion to divide them into societies having separate interests, because the principles we treated of were common to all. We therefore considered the industrious, who are the providers, and the luxurious, who are the consumers, as children of the same family, and as being under the care of the same father.

We are now engaged in a more complex operation; we represent different societies, animated with a different spirit; some given to industry and frugality,

others to dissipation and luxury. This creates separate interests among nations, and every one must be supposed under the government of a statesman, who is wholly taken up in advancing the good of those he governs, though at the expence of other societies which lie round him.

This presents a new idea, and gives birth to new principles. The general society of mankind treated of in the first book, is here in a manner divided into two. The industrious providers are supposed to live in one country, the luxurious consumers in another. The principles of the first book remain here in full vigour. Luxury still tends as much as ever to the advancement of industry; the statesman's business is only to remove the seat of it from his own country. When that can be accomplished without detriment to industry at home, he has an opportunity of joining all the advantages of antient simplicity, to the wealth and power which attend upon the luxury of modern states. He may preserve his people in sobriety, and moderation as to every expence, as to every consumption, and make them enjoy, at the same time, riches and superiority over all their neighbours.

Such would be the state of trading nations, were they only employed in supplying the wants or extravagant consumption of strangers; and did they not insensibly adopt the very manners with which they strive to inspire others.

As often, therefore, as we suppose a people applying themselves to the advancement of foreign trade, we must simplify our ideas, by dismissing all political combinations of other circumstances; that is to say, we must suppose the spirit universal, and then point out the principles which influence the success of it.

We must encourage oeconomy, frugality, and a simplicity of manners, discourage the consumption of every thing that can be sold out of the country, and excite a taste for superfluity in neighbouring nations. When such a system can no more be supported to its full extent, by the scale of foreign demand becoming positively

positively lighter; then in order to set the balance even again, without taking any thing out of the heavy scale, and to preserve and give bread to those who have enriched the state, an additional home consumption, proportioned to the deficiency of foreign demand, must be encouraged. For were the same simplicity of manners still kept up, the infallible consequence would be a forced restitution of the balance, by the distress, misery, and at last extinction of the supernumerary workmen.

I must therefore, upon such occasions, consider the introduction of luxury, or superfluous consumption, as a rational and moral consequence of the deficiency of foreign trade.

I am, however, far from thinking that the luxury of every modern state, is only in proportion to such failure; and I readily admit, that many examples may be produced where the progress of luxury, and the domestic competitions with strangers who come to market, have been the cause both of the decline and extinction of their foreign trade; but as my business is chiefly to point out principles, and to shew their effects, it is sufficient to observe, that in proportion as foreign trade declines, either a proportional augmentation upon home consumption, must take place, or a number of the industrious, proportioned to the diminution of former consumption, must decrease. By the first, what I call a natural restitution of the balance is brought about, from the principles above deduced; by the second, what I call a forced one.

Here then is an example, where the introduction of luxury may be a rational and prudent step of administration; and as long as the progress of it is not accelerated from any other principle, but that of preserving the industrious by giving them employment, the same spirit, under the direction of an able statesman, will soon throw industry into a new channel, better calculated for reviving foreign trade, and for promoting the public good, by substituting the call of foreigners in place of that of domestic luxury.

I hope, from what I have said, the political effects of luxury, or the consumption of superfluity, are sufficiently understood. These I have hitherto considered as advantageous only to those classes who are made to subsist by them; I reserve for another occasion the pointing out how they influence the imposition of taxes, and how the abuse of consumption in the rich may affect the prosperity of a state.

So soon as all foreign trade comes to a stop, without a scheme for recalling it, and that domestic consumption has filled up it's place in consuming the work, and giving bread to the industrious, we find ourselves obliged to reason again upon the principles of the first book. The statesman has once more both the producers and the consumers under his care. The consumers can live without employment, the producers cannot. The first seldom have occasion for the statesman's protection; the last constantly stand in need of it. There is a perpetual fluctuation in the balance between these two classes, from which a multitude of new principles arise; and these render the administration of government infinitely more difficult, and require superior talents in the person who is at the helm. I shall here only point out the most striking effects of the fluctuation and overturn of this new balance, which in the subsequent chapters shall be more fully illustrated.

1^{mo}. In proportion as the consumers become extravagant, the producers become wealthy; and when the former become bankrupts, the latter fill their place.

2^{do}. As the former become frugal and oeconomical, the latter languish; when those begin to board, and to adopt a simple life, these are extinguished: all extremes are vicious.

3^{tio}. If the produce of industry consumed in a country, surpasses the income of those who do not work, the balance due by the consumers must be paid to the suppliers by a proportional alienation of their funds. This vibration of the balance, gives a very correct
idea

idea of what is meant by *relative profit and loss*. The nation here loses nothing by the change produced.

410. When, on the other hand, the annual produce of industry consumed in a country, does not amount to the value of the income of those who do not work, the balance of income saved, must either be locked up in chests, made into plate, lent to foreigners, or fairly exported as the price of foreign consumption.

510. The scales stand even when there is no balance on either side; that is, when the domestic consumption is just equivalent to the annual income of the funds. I do not pretend to decide at present whether this exact equilibrium marks the state of perfection in a country where there is no foreign trade, (of which we are now treating) or whether it be better to have small vibrations between the two scales; but I think I may say, that all subversions of the balance on either side cannot fail to be hurtful, and therefore should be prevented.

Let this suffice at present, upon a subject which shall be more fully treated of afterwards. Let us now fix our attention upon the interests of a people entirely taken up in the prosecution of foreign trade. So long as this spirit prevails, I say, it is the duty of a statesman to encourage frugality, sobriety, and an application to labour in his own people, and to excite in foreign nations a taste for superfluities as much as possible.

While a people are occupied in the prosecution of foreign trade, the mutual relations between the individuals of the state, will not be so intimate as when the producers and consumers live in the same society; such trade implies, and even necessarily creates a chain of foreign dependencies; which work the same effect, as when the mutual dependence subsisted among the citizens. Now the use of dependencies, I have said, is to form a band of society, capable of making the necessitous subsist out of the superfluities of the rich, and to keep mankind in peace and harmony with one another.

Trade,

Trade, therefore, and foreign communications, form a new kind of society among nations ; and consequently render the occupation of a statesman more complex. He must, as before, be attentive to provide food, other necessaries and employment for all his people ; but as the foreign connections make these very circumstances depend upon the entertaining a good correspondence with neighbouring nations, he must acquire a proper knowledge of their domestic situation, so as to reconcile, as much as may be, the interests of both parties, by engaging the strangers to furnish articles of the first necessity, when the precious metals cannot be procured ; and to accept, in return, the most consumable superfluities which industry can invent. And, last of all, he must inspire his own people with a spirit of emulation in the exercise of frugality, temperance, oeconomy, and an application to labour and ingenuity. If this spirit of emulation is not kept up, another will take place ; for emulation is inseparable from the nature of man ; and if the citizens are not made to vie with one another in the practice of moderation, the wealth they must acquire, will soon make them vie with strangers, in luxury and dissipation.

While a spirit of moderation prevails in a trading nation, it may rest assured, that in as far as it excels the nations with whom it corresponds in this particular, so far will it increase the proportion of its wealth, power, and superiority, over them. These are lawful pursuits among men, when purchased by success in so laudable an emulation.

If it be said, that superfluity, intemperance, prodigality, and idleness, qualities diametrically opposite to the former, corrupt the human mind, and lead to violence and injustice ; is it not very wisely calculated by the Author of all things, that a sober people, living under a good government, should by industry and moderation, necessarily acquire wealth, which is the best means of warding off the violence of those with whom they are bound in the great society of mankind ? And

is it not also most wisely ordained, that in proportion as a people contract vicious habits, which may lead to excess and injustice, the very consequence of their dissipation (poverty) should deprive them of the power of doing harm? But such reflections seem rather to be too great a refinement on my subject, and exceed the bounds of political oeconomy.

When we treat of a virtuous people applying to trade and industry, let us consider their *interest* only, in preserving those sentiments; and examine the political evil of their falling off from them. When we treat of a luxurious nation, where the not-working part is given to excesses in all kinds of consumption, and the working part to labour and ingenuity, in order to supply them, let us examine the consequences of such a spirit, with respect to foreign trade: and if we find that a luxurious turn in the rich is prejudicial thereto, let us try to discover the methods of engaging the inhabitants to correct their manners from a motive of self-interest. These things premised,

I shall now give a short sketch of the general principles upon which a system of foreign trade may be established and preserved as long as possible, and of the methods by which it may be again recovered, when, from the natural advantages and superior ability of administration in rival nations, (not from vices at home) a people have lost for a time every advantage they used to draw from their foreign commerce.

The first general principle is to employ, as usefully as possible, a certain number of the society, in producing objects of the first necessity, always more than sufficient to supply the inhabitants; and to contrive means of enabling every one of the free hands to procure subsistence for himself, by the exercise of some species of industry.

These first objects compassed, I consider the people as abundantly provided with what is purely necessary; and also with a surplus prepared for an additional number of free hands; so soon as a demand can be procured for their labour. In the mean time,
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the surplus will be an article of exportation; but no sooner will demand come from abroad, for a greater quantity of manufactures than formerly, than such demand will have the effect of gradually multiplying the inhabitants up to the proportion of the surplus above mentioned, provided the statesman be all along careful to employ these additional numbers, which an useful multiplication must produce, in supplying the additional demand: then with the equivalent they receive from strangers, they will at the same time enrich the country, and purchase for themselves that part of the national productions which had been permitted to be exported, only for want of a demand for it at home.

He must, at the same time, continue to give proper encouragement to the advancement of agriculture, that there may be constantly found a surplus of subsistence (for without a surplus there can never be enough) this must be allowed to go abroad, and ought to be considered as the provision of those industrious hands which are yet unborn.

He must cut off all foreign competition, beyond a certain standard, for that quantity of subsistence which is necessary for home consumption; and, by premiums upon exportation, he must discharge the farmers of any superfluous load, which may remain upon their hands when prices fall too low. This important matter shall be explained at large in another place, when we come to treat of the policy of grain.

If natural causes should produce a rise in the price of subsistence, which cannot be brought down by extending agriculture, he must then lay the whole community under contribution, in order to indemnify those who work for strangers, for the advance upon the price of their food; or he must indemnify the strangers in another way, for the advance in the price of manufactures.

He must consider the manufactures of superfluity, as worked up for the use of strangers, and discourage all domestic competition for them, by every possible means.

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He must do what he can, constantly to proportion the supply to the demand made for them; and when the first necessarily comes to exceed the latter, in spite of all his care, he must then consider what remains over the demand, as a superfluity of the strangers; and for the support of the equal balance between work and demand, he must promote the sale of them even within the country, under certain restrictions, until the hands employed in such branches where a redundancy is found, can be more usefully set to work in another way.

He must consider the advancement of the common good as a direct object of private interest to every individual, and by a disinterested administration of the public money, he must plainly make it appear that it is so.

From this principle flows the authority, vested in all governments, to load the community with taxes, in order to advance the prosperity of the state. And this object can be nowise better obtained than by applying the amount of them to the keeping an even balance between work and demand. Upon this the health of a trading state principally depends.

If the failure of foreign demand be found to proceed from the superior natural advantages of other countries, he must double his diligence to promote luxury among his neighbours; he must support simplicity at home; he must increase his bounties upon exportation; and his expence in relieving manufactures, when the price of their industry falls below the expence of their subsistence.

While these operations are conducted with coolness and perseverance; while the allurements of the wealth acquired do not frustrate the execution, the statesman may depend upon seeing foreigners return to his ports, so soon as their own dissipation, and want of frugality, come to compensate the advantages which nature had given them over their frugal and industrious neighbours.

If this plan be pursued, foreign trade will increase in proportion to the number of inhabitants; and domestic

domestic luxury will serve only as an instrument in the hands of the statesman to increase demand, when the home supply becomes too great for foreign consumption. In other words, the rich citizens will be engaged to consume what is superfluous, in order to keep the balance even in favour of the industrious, and in favour of the nation.

The whole purport of this plan is to point out the operation of three very easy principles.

The first, That in a country entirely taken up with the object of promoting foreign trade, no competition should be allowed to come from abroad for articles of the first necessity, and principally for food, so as to raise prices beyond a certain standard.

The second, That no domestic competition should be allowed upon articles of superfluity, so as to raise prices beyond a certain standard.

The third, That when these standards cannot be preserved, and that from natural causes, prices get above them, public money must be thrown into the scale to bring prices to the level of those of exportation.

The greater the extent of foreign trade in any nation, the lower these standards *must* be kept; the less the extent of it, the higher they *may* be allowed to rise. Consequently,

Were no man in a nation employed in producing the necessaries of life, but every man in supplying articles of foreign consumption, the prices of necessaries might be allowed to fall as low as possible. There would be no occasion for a standard in favour of those who live by producing them.

Were no man in the state employed in supplying strangers, the prices of superfluities might be allowed to rise as high as possible, and a standard would also become useless, as the sole design of it is to favour exportation.

But as neither of these suppositions can ever take place, and as in every nation there is a part employed in producing, and a part in consuming, and that it is only the surplus of industry which can be exported; a standard is necessary for the support of the reciprocal interests

interests of both parties at home; and the public money must be made to operate only upon the price of *the surplus* of industry so as to make it supportable, even in cases where the national prices upon home consumption have got beyond the standard. Let me set this matter in another light, the better to communicate an idea which I think a little obscure.

Were food and other necessaries the pure gift of nature in any country, I should have laid it down as a principle to discourage all foreign competition for them, either below or above any certain standard; because in this case the lower the price the better, since no inconveniency could result from thence to any industrious person. But when the production of these is in itself a manufacture, or an object of industry, a certain standard must be kept up in favour of those who live by producing them.

On the other hand, as to the manufactures of superfluity, domestic competition should be discouraged, beyond a certain standard, in order that prices may not rise above those offered by foreigners; but it might be encouraged below the standard, in order to promote consumption and give bread to manufacturers. But were there no foreign demand at all, there would be no occasion for any standard, and the nation's wealth would thereby only circulate in greater or less rapidity in proportion as prices would rise or fall. The study of the balance between work and demand, would then become a principal object of attention in the statesman, not with a view to enrich the state, but in order to preserve every member of it in health and vigour. On the other hand, the object of a standard regards foreign trade, and the acquisition of new wealth, at the expence of other nations. The rich, therefore, at home must not be allowed to increase their consumption of superfluities beyond the proportion of the constant supply; because these being intended for strangers, the only way of preventing them from supplying themselves, is to prevent prices from getting up beyond the standard at which strangers can produce them.

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Further, were every one of the society in the same pursuit of industry, there would be no occasion for the public to be laid under contribution for advancing the general welfare; but as there is a part employed in enriching the state, by the sale of their work to strangers, and a part employed in making these riches circulate at home, by the consumption of superfluities, I think it is a good expedient to throw a part of domestic circulation into the public coffers; that when the consequences of private wealth come necessarily to raise prices, a statesman may be enabled to defray the expence of bounties upon that part which can be exported, and thereby enable the nation to continue to supply foreigners at the same price as formerly.

The further these principles can be carried into execution, the longer a state will flourish; and the longer she will support her superiority. When foreign demand begins to fail, so as not to be recalled, either industry must decline, or domestic luxury must begin. The consequences of both may be easily guessed at, and the principles which influence them shall be particularly examined in the following chapter.

C H A P. XVI.

Illustration of some Principles laid down in the former Chapter, relative to the advancement and support of foreign Trade.

I AM now to give an illustration of some things laid down, I think, in too general terms in the former chapter, relating to that species of trade which is carried on with other nations.

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I have constantly in view to separate and distinguish the principles of foreign trade, from those which only influence the advancement of an inland commerce, and a brisk circulation : operations which produce very different effects, equally meriting the attention of a statesman.

The very existence of foreign trade, implies a separate interest between those nations who are found on the opposite side of the mercantile contract, as both endeavour to make the best bargain possible for themselves. These transactions imply a mutual dependence upon one another, which may either be necessary or contingent. It is necessary, when one of the nations cannot subsist without the assistance of the other, as is the case between the province of Holland, and those countries which supply it with grain ; or contingent, when the wants of a particular nation cannot be supplied by their own inhabitants, from a want of skill and dexterity, only.

Wherever, therefore, one nation finds another necessarily depending upon her for particular branches of traffic, there is a certain foundation for foreign trade ; where the dependence is contingent, there is occasion for management, and for the hand of an able statesman.

The best way to preserve every advantage, is, to examine in how far they are necessary, and in how far they are only contingent, to consider in what respect the nation may be most easily rivalled by her neighbours, and in what respect she has natural advantages which cannot be taken from her.

The natural advantages are chiefly to be depended on : France, for example, can never be rivalled in her wines. Other countries may enjoy great advantages from their situation, mines, rivers, sea ports, fishing, timber, and certain productions proper to the soil. If you abstract from these natural advantages, all nations are upon an equal footing as to trade. Industry and labour are no properties attached to place, any more than oeconomy and sobriety.

This proposition may be called in question, upon the principles of M. de Montesquieu, who deduces the origin of many laws, customs, and even religions, from the influence of the climate. That great man reasoned from fact and from experience, and from the power and tendency of natural causes, to produce certain effects when not checked by other circumstances; but in my method of treating this subject, I suppose these causes never to be allowed to produce their natural and immediate effects, when such effects would be followed by a political inconvenience: because I constantly suppose a statesman at the head of government, who makes every circumstance concur in promoting the execution of the plan he has laid down.

1mo. If a nation then has formed a scheme of being long great and powerful by trade, she must first apply closely to the manufacturing every natural produce of the country. For this purpose a sufficient number of hands must be employed: for if hands be found wanting, the natural produce will be exported without receiving any additional value from labour; and so the consequences of this natural advantage will be lost.

The price of food, and all necessaries for manufacturers, must be found at an easy rate.

And, in the last place, if oeconomy and sobriety in the workmen, and good regulations on the part of the statesman, are not kept up, the end will not be obtained: for if the manufacture, when brought to its perfection, does not retain the advantages which the manufacturer had in the beginning, by employing the natural produce of the country; it is the same thing as if the advantage had not existed. I shall illustrate this by an example.

I shall suppose wool to be better, more plentiful, and cheaper, in one country than in another, and two nations rivals in that trade. It is natural that the last should desire to buy wool of the first, and that the other should desire to keep it at home, in order to manufacture it. Here then is a natural advantage which

which the first country has over the latter, and which cannot be taken from her. I shall suppose that subsistence is as cheap in one country as in the other; that is to say, that bread and every other necessary of life is at the same price. If the workmen of the first country (by having been the founders of the cloth manufacture, and by having had, for a long tract of years, so great a superiority over other nations, as to make them, in a manner absolutely dependent upon them for cloths) shall have raised their prices from time to time; and if, in consequence of large profits, long enjoyed without rivalship, these have been so consolidated with the real value, by an habitual greater expence in living, which implies an augmentation of wages; that country may thereby lose all the advantages it had from the low price and superior quality of its wool. But if, on the other hand, the workmen in the last country work less, be less dexterous, pay extravagant prices for wool at prime cost, and be at great expence in carriage; if manufactures cannot be carried on successfully, but by public authority, and if private workmen be crushed with excessive taxes upon their industry; all the accidental advantages which the last country had over the first, may come to be more than balanced, and the first may regain those which nature first had given her. But this should by no means make the first country rest secure. These accidental inconveniencies found in the last may come to cease; and therefore the only real security of the first for that branch, is the cheapness of the workmanship.

2^{do}. In speaking of a standard, in the last chapter, I established a distinction between one regulated by the height of foreign demand, and another kept as low as the possibility of supplying the manufacture can admit. This requires a little explanation.

It must not here be supposed that a people will ever be brought from a principle of public spirit, not to profit of a rise in foreign demand; and as this may proceed from circumstances and events which are entirely hid from the manufacturers, such revolutions

are unavoidable. We must therefore restrain the generality of our proposition, and observe, that the indispensable *vibrations* of this foreign demand do no harm; but that the statesman should be constantly on his guard to prevent the *subversion of the balance, or the smallest consolidation of extraordinary profits with the real value*. This he will accomplish, as has been observed, by multiplying hands in those branches of exportation, upon which profits have risen. This will increase the supply, and even frustrate his own people of extraordinary gains, which would otherwise terminate in a prejudice to foreign trade.

A statesman may sometimes, out of a principle of benevolence, perhaps of natural equity towards the classes of the industrious, as well as from sound policy, permit larger profits, as an encouragement to some of the more elegant arts, which serve as an ornament to a country, establish a reputation for taste and refinement in favour of a people, and thereby make strangers prefer articles of their production, which have no other superior merit than the name of the country they come from: but even as to these, he ought to be upon his guard, never to allow them to rise so high, as to prove an encouragement to other nations, to establish a successful rivalship.

310. The encouragement recommended to be given to the domestic consumption of superfluities, when foreign demand for them happens to fall so low as to be followed with distress in the workmen, requires a little further explanation.

If what I laid down in the last chapter be taken literally, I own it appears an absurd supposition, because it implies a degree of public spirit in those who are in a capacity to purchase the superfluities, no where to be met with, and at the same time a self-denial, in discontinuing the demand, so soon as another branch of foreign trade is opened for the employment of the industrious, which contradicts the principles upon which we have founded the whole scheme of our political oeconomy.

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I have elsewhere observed, that were revolutions to happen as suddenly as I am obliged to represent them, all would go into confusion.

What, therefore, is meant in this operation comes to this, that when a statesman finds, that the natural taste of his people does not lead them to profit of the surplus of commodities which lie upon hand, and which were usually exported, he should interpose his authority and management in such a way as to prevent the distress of the workmen, and when, by a sudden fall in a foreign demand, this distress becomes unavoidable, without a more powerful interposition, he should then himself become the purchaser, if others will not; or, by premiums or bounties on the surplus which lies upon hand, promote the sale of it at any rate, until the supernumerary hands can be otherwise provided for. And although I allow that the rich people of a state are not naturally led, from a principle either of public spirit or self-denial, to render such political operations effectual to promote the end proposed, yet we cannot deny, that it is in the power of a good governor, by exposing the political state of certain classes of the people, to gain upon men of substance to concur in schemes for their relief; and this is all I intend to recommend in practice. My point of view is to lay down the principles, and I never recommend them further than they are rendered possible in execution, by preparatory steps, and by properly working on the spirit of the people.

C H A P. XVII.

Symptoms of Decay in foreign Trade.

IF manufacturers are found to be without employment, we are not immediately to accuse the statesman, or conclude this to proceed from a decay of trade, until the cause of it be inquired into. If upon examination it be found, that for some years past food has been at a higher rate than in neighbouring countries, the statesman may be to blame: for it is certain, that a trading nation, by turning part of her commerce into a proper channel, may always be able to establish a just balance in this particular. And though it be not expedient in years of scarcity to bring the price of grain very low, yet it is generally possible to raise the price of it in all rival nations, which, with regard to the present point, is the same thing.

If this want of employment for manufacturers do not proceed from the high prices of living, but from want of commissions from the merchants, the causes of this diminution of demand must be examined into. It may be accidental, and happen from causes which may cease in a little time, and trade return to flourish as before. It may also happen upon the establishment of new undertakings in different places of the country, from which, by reason of some natural advantage, or a more frugal disposition in the workmen, or from the proximity of place, markets may be supplied, which formerly were furnished by those industrious people who are found without employment. In these last suppositions, the distress of the manufacturers does not prove any decay of trade in general, but, on the contrary, may contribute to destroy the bad effects of consolidated profits, by obliging those who formerly shared them, to abandon the ease of their circumstances,

ces, and submit a-new to a painful industry, in order to procure subsistence. When such revolutions are sudden, they prove hard to bear, and throw people into great distress. It is partly to prevent such inconveniencies, that we have recommended the lowest standard possible, upon articles of exportation.

Two causes there are, which very commonly mark a decline of trade, to wit; 1. When foreign markets, usually supplied by a trading nation, begin to be furnished, let it be in the most trifling article, by others, not in use to supply them. Or, 2. When the country itself is furnished from abroad with such manufactures as were formerly made at home.

These circumstances prove one of two things, either that there are workmen in other countries, who, from advantages which they have acquired by nature, or by industry and frugality, finding a demand for their work, take the bread out of the mouths of those formerly employed, and deprive them of certain branches of their foreign trade: or, that these foreign workmen, having profited of the increased luxury and dissipation of the former traders, have begun to supply the markets with certain articles of consumption, the profits upon which being small, are, without much rivalry, insensibly yielded up to them by the workmen of the other trading nation, who find better bread in serving their own wealthy countrymen.

Against the first cause of decline, I see no better remedy than patience, as I have said already, and a perseverance in frugality and oeconomy, until the unwary beginners shall fall into the inconveniencies generally attending upon wealth and ease.

The second cause of decline is far more difficult to be removed. The root of it lies deep, and is ingrafted with the spirit and manners of the whole people, high and low. The lower classes have contracted a taste for superfluity and expence, which they are enabled to gratify, by working for their countrymen; while they despise the branches of foreign trade as low and unprofitable. The higher classes again depend

upon the lower classes, for the gratification of a thousand little trifling desires, formed by the taste of dissipation, and supported by habit, fashion, and a love of expence.

Here then is a system set on foot, whereby the poor are made rich, and the rich are made happy, in the enjoyment of a perpetual variety of every thing which can remove the inconveniencies to which human nature is exposed. Thus both parties become interested to support it, and vie with one another in the ingenuity of contriving new wants; the one from the immediate satisfaction of removing them; the other from the profit of furnishing the means, and the hopes of one day sharing in them.

But even for this great evil, the very nature of man points out a remedy. It is the business of a statesman to lay hold of it. The remedy flows from the instability of every taste not founded upon rational desires.

In every country of luxury, we constantly find certain classes of workmen in distress, from the change of modes. Were a statesman upon his guard to employ such as are forced to be idle, before they betake themselves to new inventions, for the support of the old plan, or before they contract an abandoned and vicious life, he would get them cheap, and might turn their labour both to the advantage of the state and to the discouragement of luxury.

I confess, however, that while a luxurious taste in the rich subsists, industrious people will always be found to supply the instruments of it to the utmost extent; and I also allow, that such a taste has infinite allurements, especially while youth and health enable a rich man to indulge in it. Those, however, who are systematically luxurious, that is, from a formed taste and confirmed habit, are but few, in comparison of those who become so from levity, vanity, and the imitation of others. The last are those who principally support and extend the system; but they are not the most incorrigible. Were it not for imitation, every age would seek after, and be satisfied with the gratification
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of natural desires. Twenty-five might think of dress, horses, hunting, dogs, and generous wines: forty, of a plentiful table, and the pleasures of society: sixty, of coaches, elbow-chairs, soft carpets, and instruments of ease. But the taste for imitation blends all ages together. The old fellow delights in horses and fine clothes; the youth rides in his chariot on springs, and lolls in an easy chair, large enough to serve him for a bed. All this proceeds from the superfluity of riches and taste of imitation, not from the real allurements of ease and taste of luxury, as every one must feel, who has conversed at all with the great and rich. Fashion, which I understand here to be a synonymous term for imitation, leads most people into superfluous expence, which is so far from being an article of luxury, that it is frequently a load upon the person who incurs it. All such branches of expence, it is in the power of a statesman to cut off, by setting his own example, and that of his favourites and servants, above the caprice of fashion.

The levity and changeableness of mankind, as I have said, will even assist him. A generation of oeconomists is sometimes found to succeed a generation of spendthrifts; and we now see, almost over all Europe, a system of sobriety succeeding an habitual system of drunkenness. Drunkenness, and a multitude of useless servants, were the luxury of former times.

Every such revolution may be profited of by an able statesman, who must set a good example on one hand, while, on the other, he must profit of every change of taste, in order to re-establish the foreign trade of his subjects. An example of frugality, in the head of a luxurious people, would do infinite harm, were it only intended to reform the morals of the rich, without indemnifying the poor for the diminution upon their consumption.

At the same time, therefore, that luxury comes to lose ground at home, a door must be opened, to serve as an out-let for the work of those hands which must
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be thereby made idle ; and which, consequently, must fall into distress.

This is no more than the principle before laid down, in the fifteenth chapter, reversed : there we said, that when foreign demand begins to decline, domestic luxury must be made to increase, in order to soften the shock of the sudden revolution in favour of the industrious. For the same reason here we say, that foreign trade must be opened upon every diminution of domestic luxury.

How few Princes do we find either frugal or magnificent from political considerations ! And, this being the case, is it not necessary to lay before them the natural consequences of the one and the other ? And it is still more necessary to point out the methods to be taken in order to avoid the inconveniencies which may proceed from either.

Under a prodigal administration, the number of people will increase. The statesman therefore should keep a watchful eye upon the supplying of subsistence. Under a frugal reign, numbers will diminish, if the statesman does not open every channel which may carry off the superfluous productions of industry. Here is the reason : a diminution of expence at home, is a diminution of employment ; and this again implies a diminution of people ; because it interrupts the circulation of the subsistence which made them live ; but if employment is sent far from abroad, the nation will preserve its people, and the savings of the Prince may be compensated by the balance coming in from strangers.

These topics are delivered only as hints : and the amplification of them might not improperly have a place here ; but I expect to bring them in elsewhere to greater advantage, after examining the principles of taxation, and pointing out those which direct the application of public money.

C H A P. XVIII.

Methods of lowering the Price of Manufactures, in order to make them vendible in foreign Markets.

THE multiplicity of relations between the several parts of political oeconomy, forces me to a frequent repetition of principles. I have no other rule to judge whether such relations be superfluous, or necessary, but by the tendency they have to give me a more distinct view of my subject. This is the case when the same principles are applied to different combinations of circumstances.

Almost every thing to be said on the head mentioned in the title of this chapter, has been taken notice of elsewhere; and my present intention is only to lay together ideas which appear scattered, because they have been occasionally brought in by their relations to other matters.

The methods of lowering the price of manufactures, so as to render them exportable, are of two kinds.

The first, such as proceed from a good administration, and which bring down prices within the country, in consequence of natural causes.

The second, such as operate only upon that part which comes to be exported, in consequence of a proper application of public money.

As I have not yet inquired into the methods of providing a public fund, it would, I think, be contrary to order to enter on the disposal of it, for bringing down the price of manufactures. This operation will come in more naturally afterwards, and the general distinction here mentioned, is only introduced by the by, that my readers may retain it, and apply it as we go along.

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The end proposed is to lower the price of manufactures, so that they may be exported. The first thing therefore to be known, is the cause from whence it happens, that certain manufactures cannot be furnished at home so cheap as in other countries; the second, how to apply the proper remedy for lowering the price of them.

The causes of high prices, that is, of prices relatively high to what they are found to be in other nations, are reducible to four heads; which I shall lay down in their order, and then point out the methods of removing them likewise, in their order.

1^{mo}. The consolidation of high profits with the real value of the manufacture. This cause operates in countries where luxury has gained ground, and when domestic competition has called off too many of the hands, which were formerly content to serve at a low price, and for small gains.

2^{do}. The rise in the price of articles of the first necessity. This cause operates when the progress of industry has been more rapid than that of agriculture. The progress of industry we have shewn necessarily implies an augmentation of *useful inhabitants*; and as these have commonly wherewithal to purchase subsistence, the moment their numbers swell above the proportion of the quantity of it produced by agriculture, or above what is found in the markets of the country, or brought from abroad, they enter into competition and raise the price of it. Here then let it be observed, by the by, that what raises the price of subsistence is the augmentation of the numbers of useful inhabitants, that is, of such as are easy in their circumstances. Let the wretched be ever so many, let the vicious procreation go on ever so far, such inhabitants will have little effect in raising price, but a very great one in increasing misery. A proof of this is to be met with in many provinces where the number of poor is very great, and where at the same time the price of necessities is very low; whereas no instance can be found where a number of the industrious being got together, do not occasion an immediate rise on most of the articles of subsistence.

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3^{to}. The natural advantages of other countries. This operates in spite of all the precautions of the most frugal and laborious people. Let them deprive themselves of every superfluity; let them be ever so diligent and ingenious; let every circumstance be improved by the statesman to the utmost for the establishment of foreign trade; the advantage of climate and situation may give such a superiority to the people of another country, as to render a direct competition with them impossible.

4^{to}. The superior dexterity of other nations in working up their manufactures, their knowledge in the science of trade, the advantage they have in turning their money to account in the intervals of their own direct circulation, the superior abilities of their statesman, the application of their public money, in one word, the perfection of their political oeconomy.

Before I enter upon the method of removing these several inconveniencies, I must observe, that as we are at present treating of the *relative* height of the price of manufactures, a competition between nations is constantly implied. It is this which obliges a statesman to be principally attentive to the rise of prices. The term *competition* is relative to, and conveys the idea of emulation between two parties striving to compass the same end. I must therefore distinguish between the endeavours which a nation makes to *retain* a superiority already got, and those of another which strives to get the better of it. The first I shall call a competition to *retain*; the second, a competition to *acquire*.

The first three heads represent the inconveniencies to which the competitors to *retain* are liable; and the fourth comprehends those to which the competitors to *acquire* are most commonly exposed.

Having digested our subject into order, I shall run through the principles which severally influence the removing of every inconvenience, whether incident to a nation whose foreign trade is already well established, or to another naturally calculated for entering into a competition for the acquisition of it.

In proposing a remedy for the particular causes of augmentation here set down, we must suppose every
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one entirely simple; and uncompounded with the others; a thing which in fact seldom happens. This I do for the sake of distinctness; and the principal difficulty in practice is to combine the remedies in proportion to the complication of the disease. I now come to the first of the four causes of high prices; to wit, consolidated profits.

The whole doctrine of these has been abundantly set forth in the 10th chapter. We there explained the nature of them, shewed how the subversion of the balance, by a long preponderancy of the scale of demand, had the effect of consolidating profits in a country of luxury; and observed, that the reducing them to the proper standard could never fail of bringing those who had long enjoyed them, into distrets.

The question here is to reduce them, when foreign trade cannot otherwise be retained, let the consequences be ever so hurtful to certain individuals. When the well being of a nation comes in competition with a temporary inconvenience to some of the inhabitants, the general good must be preferred to particular considerations.

I have observed above, that domestic luxury, by offering high prices upon certain species of industry, calls off many hands employed to supply the articles of exportation, upon which profits are generally very moderate. The first natural and immediate effect of this, is, to diminish the hands employed in furnishing the foreign demand; consequently, to diminish the supply; consequently, to occasion a *simple competition* on the side of the strangers, who are the purchasers; consequently, to augment profits, until by their rise and consolidation the market is deserted.

The very progress here laid down, points out the remedy. The number of hands employed in these particular branches must be multiplied; and if the luxurious taste and wealth of the country prevent any one who can do better, from betaking himself to a species of industry lucrative to the nation, but ungrateful to those who exercise it, the statesman must collect the children

children of the wretched into workhouses, and breed them to this employment, under the best regulations possible for saving every article of unnecessary expence; here likewise may be employed occasionally those above mentioned, whom the change of modes may have cast out of employment, until they can be better provided for. This is also an outlet for foundlings, since many of those who work for foreign exportation, are justly to be ranked in the lowest classes of the people; and in the first book we proposed, that every one brought up at the expence of public charity, should be thrown in for recruiting these classes, which can with greatest difficulty support their own propagation.

Here let me observe, that although it be true in general, that the greatest part of exportable manufactures do yield but very middling profits, from the extension of industry in different countries, yet sundry exceptions may be found; especially in nations renowned for their elegance of taste. But how quickly do we see these lucrative branches of foreign trade cut off, from the very inconvenience we here seek a remedy for. The reason is plain. When strangers demand such manufactures, they only share in the instruments of foreign luxury, which bring every where considerable profits to the manufacturer. These high profits easily establish a rivalry in favour of the nation to whom they are supplied; because a hint is sufficient to enable such as exercise a similar profession in that country, to supply their own inhabitants. This being the case, an able statesman should be constantly attentive to every growing taste in foreign nations for the inventions of his people; and so soon as his luxurious workmen have set any one on foot, he may throw that branch into the hands of the most frugal, in order to support it, and give them such encouragement as to prevent, at least, the rivalry of those strangers who are accustomed to work for large profits. This is one method of turning a branch of luxury into an article of foreign trade. Let me illustrate this by an example.

What

What great advantages do not the French reap from the exportation of their modes? But we quickly find their varnishes, gauzes, ribbands, and colifichets, imitated by other nations, for no other reason but because of the large, or at least consolidated profits enjoyed by the French workmen themselves, who, fertile in new inventions, and supported by their reputation for elegance of dress, have got into possession of the right of prescribing to all Europe the standard of taste in articles of mere superfluity. This however is no permanent prerogative; and that elegant people, by long setting the example, and determining the standard of refinement in some luxurious arts, will at last inspire a similar taste into their scholars, who will thereby be enabled to supplant them. Whereas were they careful to supply all their inventions at the lowest prices possible, they would ever continue to be the only furnishers.

The method therefore of reducing consolidated profits, whether upon articles of exportation, or home consumption, is to increase the number of hands employed in supplying them; and the more gradually this revolution is made to take place, the fewer inconveniencies will result to those who will thereby be forced to renounce them.

A country which has an extensive territory, and great opportunities of extending her agriculture (such as I supposed the present situation of France to be) may, under a good administration, find the progress of luxury very compatible with the prosperity of her foreign trade; because inhabitants may be multiplied at discretion. But so soon as subsistence becomes hard to be obtained, this expedient is cut off. A statesman must then make the best of the inhabitants he has, luxury must suffer a check; and those who are employed in supplying home consumption at high prices, must be made to reduce their consolidated profits, in order to bring the total amount of their manufactures

tures within such bounds as to make them vendible in foreign markets.

If manufacturers become luxurious in their way of living, it must proceed from their extraordinary profits. These they may still continue to have, as long as the produce of their work is consumed at home. But no merchant will pretend to sell it out of the country; because, in this case, he will find the labour of other people who are less luxurious, and consequently work cheaper in competition with him.

To re-establish then the foreign trade, these consolidated profits must be put an end to, by attacking luxury when circumstances render an augmentation of people inconvenient, and prices will fall of course.

This will occasion great complaints among all sorts of tradesmen. The cry will be, that trade is ruined, manufacturers are starving, and the state is undone: but the truth will be, that manufacturers will, by their labour, begin to enrich their own nation, at the expence of all those who trade with her, instead of being enriched at the expence of their own countrymen; and only by a revolution in the balance of wealth at home.

It will prove very discouraging to any statesman to attempt a sudden reform of this abuse of consolidated profits, when he is obliged to attack the luxury of his own people. The best way therefore is to prevent matters from coming to such a pass, as to demand so dangerous and difficult a remedy.

There is hardly a possibility of changing the manners of a people, but by a proper attention to the education of the youth. All methods, therefore, should be fallen upon to supply manufactures with new hands; and lest the corruption of example should get the better of all precautions, the seat of manufactures might be changed; especially when they are found in great and populous cities, where living is dear: in this case, others should be erected in the provinces where living is cheap. The state must encourage these new undertakings, numbers of children must be taken in, in order

der to be bred early to industry and frugality; this again will encourage people to marry and propagate, as it will contribute towards discharging them of the load of a numerous family. If such a plan as this be followed, how inconsiderable will the number of poor people become in a little time; and as it will insensibly multiply the useful inhabitants, out of that youth which recruited and supported the numbers of the poor, so the taxes appropriated for the relief of poverty may be wholly applied, in order to prevent it.

Laws of naturalization have been often proposed in a nation where consolidated profits have occasioned the inconveniencies for which we have here been proposing a remedy. By this expedient many flatter themselves to draw industrious strangers into the country, who being accustomed to live more frugally, and upon less profits, may, by their example and competition, beat down the price of work among the inhabitants.

Several circumstances concur to defeat the success of this scheme. The first is, that consolidated profits are not the only inconvenience to be removed: there is also a complication of high prices upon many necessities. The second, as no real change is supposed to be made within the country, either as to the increase of subsistence, or the regulation of its price, or manner of living, these strangers, who, as such, must be exposed to extraordinary expence, are not able to subsist, nor consequently to work so cheap as they did at home. Besides, what can be supposed to be their motive of coming, if it be not to have higher wages, and to live better?

Here then is a nation sending for strangers, in order that they may work cheaper; and strangers flocking into the country in hopes of selling their work dearer. This is just the case with two friends who are about making a bargain; the seller imagines that *his friend* will not grudge a good price. The buyer, on the other hand, flatters himself that *his friend* will sell to him cheaper than to another. This seldom fails to produce discontent on both sides.

Besides,

Besides, unless the quantity of food be increased, if strangers are imported to eat part of it, natives must in some degree starve ; and if you augment the quantity of food, and keep it at a little lower price than in neighbouring nations, your own inhabitants will multiply ; the state may take great numbers of them into their service when young ; they soon come to be able to do something in the manufacturing way ; they may be bound for a number of years, sufficient to indemnify the public for the first expence ; and the encouragement alone of having bread cheaper than elsewhere, will bring you as many strangers as you incline to receive, provided a continual supply of food can be procured in proportion to the increase of the people.

But I imagine that it is always better for a state to multiply by means of its own inhabitants, than by that of strangers ; for many reasons which to me appear obvious.

We come now to the second cause of high prices, to wit, a rise in the value of the articles of the first necessity, which we have said proceeds from the progress of industry having outstripped the progress of agriculture. Let me set this idea in a clearer light ; for here it is shut up in too general terms to be rightly viewed on all sides.

The idea of inhabitants being multiplied beyond the proportion of subsistence, seems to imply that there are too many already ; and the demand for their industry having been the cause of their multiplication, proves that formerly there were too few. Add to this, that if, notwithstanding the rise upon the price of work proceeding from the scarcity of subsistence, the scale of home demand is found to preponderate, at the expence of foreign trade, this circumstance proves further, that however the inhabitants may be already multiplied above the proportion of subsistence, their numbers are still too few for what is demanded of them at home ; and for what is required of them towards promoting the prosperity of their country, in supporting their trade abroad.

From this exposition of the matter, the remedy appears evident : both inhabitants and subsistence must be augmented. The question comes to be, in what manner, and with what precautions, must these operations be performed ?

Inhabitants are multiplied by reducing the price of subsistence, to the value which demand has fixed upon the work of those who are to consume it. This is only to be accomplished by augmenting the quantity, by importation from foreign parts, when the country cannot be made to produce more of itself.

Here the interposition of a statesman is absolutely necessary : since great loss may often be incurred by bringing down the price of grain in a year of scarcity. Premiums, therefore, must be given upon importation, until a plan can be executed for the extending of agriculture ; of which in another place. This must be gone about with the greatest circumspection ; for if grain be thereby made to fall too low, you ruin the landed interest, and although (as we have said above) all things soon become balanced in a trading nation, yet sudden and violent revolutions, such as this must be, are always to be apprehended. They are ever dangerous ; and the spirit of every class of inhabitants must be kept up.

By a discredit cast upon any branch of industry, the hands employed in it may be made to abandon it, to the great detriment of the whole. This will infallibly happen, when violent transitions do not proceed from natural causes, as in the example here before us, when the price of grain is supposed to be brought down, from the increase of its quantity by importation, and not by plenty. Because, upon the falling of the market by importation, the poor farmer has nothing to make up for the low price he gets for his grain ; whereas, when it proceeds from plenty, he has an additional quantity.

In years, therefore, of general scarcity, a statesman should not, by premiums given, reduce the price of grain, but in a reciprocal proportion to the quantity wanted :

wanted : that is to say, the more grain is wanted, the less the price should be diminished.

It may appear a very extensive project for any government to undertake to keep down the prices of grain, in years of general scarcity. I allow it to be politically impossible to keep prices low ; because if all Europe be taken together, the produce of the whole is consumed one year with another, by the inhabitants ; and in a year when there is a general scarcity, it would be very hard, if not impossible, (without having previously established a plan for this purpose) to make any nation live in plenty while others are starving. All therefore that is proposed, is to keep the prices of grain in as just a proportion as possible to the plenty of the year.

Now if a government does not interpose, this never is the case. I shall suppose the inhabitants of a country to consume, in a year of moderate plenty six millions of quarters of grain ; if in a year of scarcity it shall be found, that one million of quarters, or indeed a far less quantity, be wanting, the five millions of quarters produced, will rise in their price to perhaps double the ordinary value, instead of being increased only by one fifth. But if you examine the case in countries where trade is not well established, as in some inland provinces on the continent it is no extraordinary thing to see grain bearing three times the price it is worth in ordinary years of plenty, and yet if in such a year there were wanting six months provisions for the inhabitants of a great kingdom, all the rest of Europe would perhaps hardly be able to keep them from starving.

It is the fear of want, and not real want, which makes grain rise to immoderate prices. Now as this extraordinary revolution in the rise of it, does not proceed from a natural cause, to wit, the degree of scarcity, but to the avarice and evil designs of men who hoard it up, it produces as bad consequences to that part of the inhabitants of a country employed in manufactures, as the fall of grain would produce to the farmers, in case the prices should be, by im-

portation, brought below the just proportion of the quantity produced in the nation.

Besides the importation of grain, there is another way of increasing the quantity of it very considerably, in some countries of Europe. In a year of scarcity, could not the quantity of food be considerably augmented by a prohibition to make malt liquors, allowing the importation of wines and brandies; or indeed without laying any restraint upon the liberty of the inhabitants as to malt liquors. I am persuaded that the liberty of importing wines duty free, would, in years of scarcity, considerably augment the quantity of subsistence.

This is not a proper place to examine the inconvenience which might result to the revenue by such a scheme; because we are here only talking of those expedients which might be fallen upon to preserve a balance on foreign trade. An exchequer which is filled at the expence of this, will not continue long in a flourishing condition.

These appear to be the most rational temporary expedients to diminish the price of grain in years of scarcity; we shall afterwards examine the principles upon which a plan may be laid down to destroy all precariousness in the price of subsistence.

Precautions of another kind must be taken in years of plenty; for high prices occasioned by exportation are as hurtful to the poor tradesman as if they were occasioned by scarcity. And low prices occasioned by superfluity are as hurtful to the poor husbandman as if his crop had failed him.

A statesman therefore, should be very attentive to put the inland trade in grain upon the best footing possible, to prevent the frauds of merchants, and to promote an equal distribution of food in all corners of the country: and by the means of importation and exportation, according to plenty and scarcity, to regulate a just proportion between the general plenty of the year in Europe, and the price of subsistence; always observing

to keep it somewhat lower at home, than it can be found in any rival nation in trade. If this method be well observed, inhabitants will multiply; and this is a principal step towards reducing the expence of manufactures; because you increase the number of hands, and consequently diminish the price of labour.

Another expedient found to operate most admirable effects in reducing the price of manufactures (in those countries where living is rendered dear, by a hurtful competition among the inhabitants for the subsistence produced) is the invention and introduction of machines. We have, in a former chapter, answered the principal objections which have been made against them, in countries where the numbers of the idle, or trifling industrious, are so great, that every expedient which can abridge labour, is looked upon as a scheme for starving the poor. There is no solidity in this objection; and if there were, we are not at present in quest of plans for feeding the poor; but for accumulating the wealth of a trading nation, by enabling the industrious to feed themselves at the expence of foreigners. The introduction of machines is found to reduce prices in a surprizing manner. And if they have the effect of taking bread from hundreds, formerly employed in performing their simple operations, they have that also of giving bread to thousands, by extending numberless branches of ingenuity, which, without the machines, would have remained circumscribed within very narrow limits. What progress has not building made within these hundred years? Who doubts that the conveniency of great iron works, and saw mills, prompts many to build? And this taste has greatly contributed to increase, not diminish, the number both of smiths and carpenters, as well as to extend navigation. I shall only add in favour of such expedients, that experience shews the advantage gained by certain machines, is more than enough to compensate every inconvenience arising from consolidated profits, and expensive living; and that the first invent-

ors gain thereby a superiority which nothing but adopting the same invention can counterbalance.

The third cause of high prices we have said to be owing to the natural advantages which neighbouring nations reap from their climate, soil, or situation.

Here no rise of prices is implied in the country in question, they are only supposed to have become relatively high by the opportunity other nations have had to furnish the same articles at a lower rate, in consequence of their natural advantages.

There are two expedients to be used, in order to defeat the bad effects of a competition which cannot be got the better of in the ordinary way. The first to be made use of, is, to assist the branches in distress with the public money. The other is patience, and perseverance in frugality, as has been already observed. A short example of the first will be sufficient in this place to make the thing fully understood. I have already said, that I purposely postpone an ample dissertation upon the principles which influence such operations.

Let me suppose a nation, accustomed to export to the value of a million sterling of fish every year, undersold in this article by another which has found a fishery on its own coasts, so abundant as to enable it to undersell the first by 20 *per cent*. This being the case, the statesman may buy up all the fish of his subjects, and undersell his competitors at every foreign market, at the loss of perhaps 250,000*l*. What is the consequence? That the million he paid for the fish remains at home, and that 750,000*l*. comes in from abroad for the price of them. How is the 250,000*l*. to be made up? By a general imposition upon all the inhabitants. This returns into the public coffers, and all stands as it was. If this expedient be not followed, what are the consequences? That those employed in the fishery are forced to starve; that the fish taken either remain upon hand, or if sold by the proprietors, at a great loss; these are undone, and the nation for the future loses the acquisition of 750,000*l*. a year.

To

To abridge this operation, premiums are given upon exportation, which comes to the same thing, and is a refinement on the application of this very principle; but premiums are often abused. It belongs to the department of the coercive power of government to put a stop to such abuse. All I shall say upon the matter is, that if there be crimes called high treason, which are punished with greater severity than highway robbery, and assassination, I should be apt (were I a statesman) to put at the head of that bloody list, every attempt to defeat the application of public money, for the purposes here mentioned. The multiplicity of frauds alone, discourages a wise government from proceeding upon this principle, and disappoints the scheme. If severe punishment can in its turn put a stop to frauds, I believe it will be thought very well applied.

While a statesman is thus defending the foreign trade of his country, by an extraordinary operation performed upon the circulation of its wealth, he must at the same time employ the second expedient with equal address. He must be attentive to support sobriety at home, and wait patiently until abuses among his neighbours shall produce some of the inconveniences we have already mentioned. So soon as this comes to be the case, he has gained his point; the premiums then may cease; the public money may be turned into another channel; or the tax may be suppressed altogether, according as circumstances may require,

I need not add, that the more management and discretion is used in such operations, the less jealousy will be conceived by other rival nations. And as we are proposing this plan for a state already in possession of a branch of foreign trade, ready to be disputed by others, having superior natural advantages, it is to be supposed that the weight of money, at least, is on her side. This, if rightly employed, will prove an advantage, more than equal to any thing which can be brought against it: and if such an operation comes to raise the indignation of her rival, it will, on the other hand,

hand, reconcile the favour of every neutral state, who will find a palpable benefit from the competition, and will never fail giving their money to those who sell the cheapest. In a word, no private trader can stand in competition with a nation's wealth. Premiums are an engine in commerce, which nothing can resist but a similar operation.

Hitherto we have been proposing methods for removing the inconveniencies which accompany wealth and superiority, and for preserving the advantages which result from foreign trade already established: we must now change sides, and adopt the interest of those nations who labour under the weight of a heavy competition with their rich neighbours, versed in commerce, dexterous in every art and manufacture, and conducted by a statesman of superior abilities, who sets all engines to work, in order to make the most of every favourable circumstance.

It is no easy matter for a state unacquainted with trade and industry, even to form a distant prospect of rivalry with such a nation, while the abuses attending upon their wealth are not supposed to have crept in among them. Consequently, it would be the highest imprudence to attempt (at first setting out) any thing that could excite their jealousy.

The first thing to be inquired into, is the state of natural advantages. If any branch of natural produce, such as grain, cattle, wines, fruits, timber, or the like, are here found of so great importance to the rival nation, that they will purchase them with money, not with an exchange of their manufactures, such branches of trade may be kept open with them. If none such can be found, the first step is to cut off all communication of trade by exchange with such a people; and to apply closely to the supply of every want at home, without having recourse to foreigners.

So soon as these wants begin to be supplied, and that a surplus is found, other nations must be sought for, who enjoy less advantages; and trade may be carried on with them in a subaltern way. People here must glean before they can expect to reap. But by glean-
ing

ing every year they will add to their stock of wealth, and the more it is made subservient to public uses, the faster it will increase.

The beginners will have certain advantages inseparable from their infant state; to wit, a series of augmentations of all kinds, of which we have so frequently made mention. If these can be preserved in an equable progression; if the balance of work and demand, and that of population and agriculture, can be kept in a gentle vibration, by alternate augmentations; and if a plan of oeconomy, equally good with that of the rivals, be set on foot and pursued; time will bring every natural advantage of climate, soil, situation, and extent, to work their full effects; and in the end they will decide the superiority.

I shall now conclude my chapter, with some observations on the difference between theory and practice, so far as regards the present subject.

In theory, we have considered every one of the causes which produce high prices, and prevent exportation, as simple and uncompounded: in practice they are seldom ever so. This circumstance makes the remedies difficult, and sometimes dangerous. Difficult from the complication of the disease; dangerous, because the remedy against consolidated profits will do infinite harm, if applied to remove that which proceeds from dear subsistence, as has been said.

Another great difference between theory and practice occurs in the fourth case; where we suppose a nation unacquainted with trade, to set out upon a competition with those who are in possession of it. When I examine the situation of some countries of Europe (Spain perhaps) to which the application of these principles may be made, I find that it is precisely in such nations, where the other disadvantages of consolidated profits, and even the high prices of living, are carried to the greatest height; and that the only thing which keeps one shilling of specie among them, is the infinite advantage they draw from the mines, and from the sale of their pure and unmanufactured natural productions,

ductions, added to their simplicity of life, occasioned by the wretchedness of the lower classes, which alone prevents these also from consuming foreign commodities. Were money in these countries as equally distributed as in those of trade and industry, it would quickly be exported. Every one would extend his consumption of foreign commodities, and the wealth would disappear. But this is not the case; the rich keep their money in their coffers; because lending at interest, there, is very wisely laid under numberless obstructions. The vice, therefore, is not that the lending of money at interest is forbid, but that the people are not put in a situation to have any pressing occasion for it, as a means of advancing their industry. Were they taught to supply their own wants, the state might encourage circulation by loan; but as they run to strangers for that supply, money, is better locked up.

Upon a right use and application of these general principles, according to the different combinations of circumstances, in a nation whose principal object is an extensive and profitable foreign trade, I imagine a statesman may both establish and preserve, for a very long time, a great superiority in point of commerce; provided peace can be preserved: for in time of war, every populous nation, if great and extended, will find such difficulties in procuring food, and such numbers of hands to maintain, that what formerly made its greatness, will hasten its ruin.

C H A P. XIX.

Of infant, foreign, and inland Trade, with respect to the several Principles which influence them.

I HAVE always found the geography of a country easier to retain, from the inspection of maps, after travelling over the regions there represented, than before; as most prefaces are best understood, after reading the book, which they are calculated to introduce. I intend this as an apology for presenting my readers with a chapter of distribution in the middle of my subject.

My intention, at present, is to take a view of the whole region of trade, divided into its different districts, in order to point out a ruling principle in each, from which every other must naturally flow, or may be deduced by an easy reasoning. These I shall lay before my reader, that from them he may distribute his ideas in the same order I have done. Hence the terms I shall be obliged to use will be rendered more adequate, in expressing the combinations I may have occasion to convey by them.

I divide trade into infant, foreign, and inland.

1mo. Infant trade, taken in a general acceptation, may be understood to be that species, which has for its object the supplying the necessities of the inhabitants of a country; because it is commonly antecedent to the supplying the wants of strangers. This species has been known in all ages, and in all countries, in a less, or greater degree, in proportion to the multiplication of the wants of mankind, and in proportion to the numbers of those who depend on their ingenuity for procuring subsistence.

The general principles which direct a statesman in the proper encouragement of this commerce, relate to two objects.

1. To

1. To promote the ease and happiness of the higher classes in making their wealth subservient to their wants and inclinations.

2. To promote the ease and happiness of the lower classes, by turning their natural faculties to an infallible means of relieving their necessities.

This communicates the idea of a free society; because it implies the circulation of a real equivalent for every service; to acquire which, mankind submit with pleasure to the hardest labour.

In the first book, I had little occasion to consider trade under different denominations; or as influenced by any other principle than that of promoting the multiplication of mankind, and the extension of agriculture, *by drawing the wealth of the rich into the hands of the industrious.* This operation, when carried no further, is a true representation of infant trade.

But now I must set the matter in a new light; and consider this infant trade as a basis for establishing a foreign commerce. In itself it is only a means of gratifying the desires of those who have the equivalent; and of providing it for those who have it not. We are next to examine how, by the care of a statesman, it may prove a method whereby one society may be put in a situation to acquire a superiority over others; by diminishing, on one hand, the quantity they have of that general equivalent, and by increasing, on the other, the absolute quantity of it at home; in such a manner as not only to promote the circulation of that part of it which is necessary to supply the wants of all the citizens: but by a surplus of it, to render other nations dependent upon them, in most operations of their political oeconomy.

The statesman who resolves to improve this infant trade into foreign commerce, must examine the wants of other nations, and consider the productions of his own country. He must then determine, what kinds of manufactures are best adapted for supplying the first, and for consuming the latter. He must introduce the use of such manufactures among his subjects;
and

and endeavour to extend his population, and his agriculture, by encouragements given to these new branches of consumption. He must provide his people with the best masters ; he must supply them with every useful machine ; and above all, he must relieve them of their work, when home-demand is not sufficient for the consumption of it.

A considerable time must of necessity be required to bring a people to a dexterity in manufactures. The branches of these are many ; and every one requires a particular flight of hand, and a particular master, to point out the rudiments of the art. People do not perceive this inconveniency, in countries where they are already introduced ; and many a projector has been ruined for want of attention to it.

In the more simple operations of manufacturing, where apprenticeships are not in use, every one teaches another. The new beginners are put among a number who are already perfect : all the instructions they get, is, *do as you see others do before you*. This is an advantage which an established industry has over another newly set on foot ; and this I apprehend to be the reason why we see certain manufactures, after remaining long in a state of infancy, make in a few years a most astonishing progress. What loss must be at first incurred ! what numbers of aspiring geniuses overpowered by unsuccessful beginnings, when a statesman does not concern himself in the operation ! If he assists his subjects, by a prohibition upon foreign work, how often do we see this expedient become a means of extending the most extravagant profits ? Because he neglects, at the same time, to extend the manufacture by multiplying the hands employed in it. I allow, that as long as the gates of a kingdom are kept shut, and that no foreign communication is permitted, large profits do little harm ; and tend to promote dexterity and refinement. This is a very good method for laying a foundation for manufactures ; but so soon as the dexterity has been sufficiently encouraged, and that abundance of excellent masters are provided, then the statesman ought to multiply the number

number of scholars; and a new generation must be brought up in frugality, and in the enjoyment of the most moderate profits, in order to carry the plan into execution.

The ruling principle, therefore, which ought to direct a statesman in this first species of trade, is to encourage the manufacturing of every branch of natural productions, by extending the home-consumption of them; by excluding all competition with strangers; by permitting the rise of profits, so far as to promote dexterity and emulation in invention and improvement; by relieving the industrious of their work, as often as demand for it falls short. And until it can be exported to advantage, it may be exported with loss, at the expence of the public. To spare no expence in procuring the ablest masters in every branch of industry, nor any cost in making the first establishments; providing machines, and every other thing necessary or useful to make the undertaking succeed. To keep constantly an eye upon the profits made in every branch of industry; and so soon as he finds, that the real value of the manufacture comes so low as to render it exportable, to employ the hands, as above, and to put an end to these profits he had permitted only as a means of bringing the manufacture to its perfection. In proportion as the prices of every species of industry are brought down to the standard of exportation, in such proportion does this species of trade lose its original character, and adopt the second.

2do. *Foreign trade* has been explained sufficiently: the ruling principles of which are to banish luxury; to encourage frugality; to fix the lowest standard of prices possible; and to watch, with the greatest attention, over the vibrations of the balance between work and demand. While this is preserved, no internal vice can affect the prosperity of it. And when the natural advantages of other nations constitute a rivalry, not otherwise to be overcome, the statesman must counterbalance these advantages, by the weight and influence of public money; and when this expedient also becomes ineffectual, foreign trade is at an end

end; and out of its ashes arises the third species, which I call inland commerce.

310. The more general principles of *inland trade* have been occasionally considered in the first book, and more particularly hinted at in the 15th chapter of this; but there are still many new relations to be examined, which will produce new principles, to be illustrated in the subsequent chapters of this book. I shall, here only point out the general heads, which will serve to particularize and distinguish this third species of trade, from the two preceding.

Inland commerce, as here pointed out, is supposed to take place upon the total extinction of foreign trade. The statesman must in such a case, as in the other two species, attend to supplying the wants of the rich; in relieving the necessities of the poor, by the circulation of the equivalent as above; but as formerly he had it in his eye to watch over the balance of work and demand, so now he must principally attend to the balance of wealth, as it vibrates between consumers and manufacturers; that is, between the rich and the industrious. The effects of this vibration have been shortly pointed out, Chap. xv.

In conducting a foreign trade, his business was to establish the lowest standard possible as to prices; and to confine profits within the narrowest bounds: but as now there is no question of exportation, this object of his care in a great measure disappears; and high profits made by the industrious will have then no other effect than to draw the balance of wealth more speedily to their side. The higher the profits, the more quickly will the industrious be enriched, the more quickly will the consumers become poor, and the more necessary will it become to cut off the nation from every foreign communication in the way of trade.

From this political situation of a state arises the fundamental principle of taxation; which is, *that, at the time of the vibration of the balance between the consumer and the manufacturer, the state should advance the dissipation of the first, and share in the profits of the latter.*

This branch of our subject I shall not here anticipate; but I shall, in the remaining chapters of this book, make it sufficiently evident, that so soon as the wealth of a state becomes considerable enough to introduce luxury, to put an end to foreign trade, and from the excessive rise of prices to extinguish all hopes of restoring it, then taxes become necessary, both for preserving the government on the one hand, and on the other, to serve as an expedient for recalling foreign trade, in spite of all the pernicious effects of luxury to extinguish it.

I hope from this short recapitulation and exposition of principles, I have sufficiently communicated to my reader the distinctions I wanted to establish, between what I have called infant, foreign, and inland trade. Such distinctions are very necessary to be retained; and it is proper they should be applied in many places of this treatise, in order to qualify general propositions: these cannot be avoided, and might lead into error, without a perpetual repetition of such restrictions, which would tire the reader, appear frivolous to him, perhaps, and divert his attention.

I only add, that we are not to suppose the commerce of any nation restricted to any one of the three species. I have considered them separately, according to custom, in order to point out their different principles. It is the business of statesmen to compound them according to circumstances.

C H A P. XX.

Of Luxury.

MY reader may perhaps be surprized to find this subject formally introduced, after all I have said of it in the first book, under a definition which renders the term sufficiently clear, by distinguishing it from

from sensuality and excess; and by confining it to *the providing of superfluities, in favour of a consumption*, which necessarily must produce the good effects of giving employment and bread to the industrious.

The simple acceptation of the term, was the most proper for explaining the political effects of extraordinary consumption. I cannot however deny, that the word *luxury* commonly conveys a more complex idea; and did I take no notice of this circumstance, it might be thought that I had purposely restrained a general term to a particular acceptation, in order to lead to error, and to suppress the vicious influence of modern oeconomy over the minds of mankind; which influence, if vicious, cannot fail to affect even their political happiness.

My intention therefore, in this chapter, is to amuse, and to set my ideas concerning luxury (in the most extensive acceptation of the word) in such an order, as first to vindicate the definition I have given of it, by shewing that it is a proper one; and secondly, to reconcile the sentiments of those who appear to combat one another, on a subject wherein all must agree, when terms are fully understood.

For this purpose I must distinguish *luxury* as it affects our different interests, by producing hurtful consequences; from *luxury*, as it regards the moderate gratification of our natural or rational desires. I must separate objects which are but too frequently confounded, and analyze this complicated term, by specifying the ideas it contains, under partial definitions.

The interests affected by luxury, I take to be four; *1mo. the moral*, in so far as it does hurt to the mind; *2do. the physical*, as it hurts the body; the *domestic*, as it hurts the fortune; and the *political*, as it hurts the state,

The natural desires which proceed from our animal oeconomy, and which are gratified by *luxury*, may be also reduced to four; viz. *hunger, thirst, love, and ease*, or indolence. The moderate gratification of these

desires, and physical happiness, is the same thing. The immoderate gratification of them is *excess*; and if this also be implied by *luxury*, no man, I believe, ever seriously became its apologist.

The first point to be explained, is what is to be understood by *excess*. What appears an excess to one man, may appear moderation to another. I therefore measure the *excess* by the bad effects it produces on the *mind*, the *body*, the *fortune*, and the *state*: and when we speak of *luxury* as a vice, it is requisite to point out the particular bad effects it produces, to one, more, or all the interests which may be affected by it: when this is neglected, ambiguities ensue, which involve people in inextricable disputes.

In order to communicate my thoughts upon this subject with the more precision, I shall give an example of the harm resulting to the *mind*, the *body*, the *fortune*, and the *state*, from the excessive gratification of the several natural desires above-mentioned.

1mo. As to the mind, *eating to excess* produces the inconvenience of rendering the perceptions dull, and of making a person unfit for study or application.

Drinking confounds the understanding, and often prevents our discovering the most palpable relations of things.

Love fixes our ideas too much upon the same object, makes all our pursuits and pleasures analogous to it, and consequently renders them trifling and superficial.

Ease, that is, too great a fondness for it, destroys activity, damps our resolutions, and misleads the decisions of our judgment on every occasion, where one side of the question implies an obstacle to the enjoyment of a favourite indolence.

These are examples of the evils proceeding from *luxury* in the most general acceptation of the term. While the gratification of those desires is accompanied by no such inconveniencies, I think it is a proof, that there has been no *moral excess*, or that no moral evil has been directly implied in the gratification. But I cannot

not

not equally determine, that there has been no luxury in the enjoyment of superfluity.

2^{do}. *The physical* inconveniencies which follow from all the four, terminate in the hurt they do the body, health or constitution. If no such harm follows upon the gratification of our desires, I find no *physical* evil: but still *luxury*, I think, may be applied in every acceptance in which the term can be taken.

3^{io}. If the *domestic* inconveniencies of the four species be examined, they all center in one, viz. the dissipation of fortune, upon which depends the future ease of the proprietor, and the well-being of his posterity. When *luxury* is examined with respect to this object, the idea we conceive of it admits of a new modification. An *excess* here, is compatible with a very moderate gratification of our most natural desires. It is not *eating*, nor *drinking*, *love*, nor *indolence* which are hurtful to the fortune, but the expence attending such gratifications. All these are frequently indulged even to *excess*, in a *moral* and *physical* sense, by people who are daily becoming more wealthy by these very means.

4^{to}. Some *political* inconveniencies of *luxury* have been already pointed out. The extinction of foreign trade is the most striking. But the loss of trade, conveys no ideas of any *moral*, *physical*, or *domestic excess*; and still it is vicious in so far as it affects the well-being of a state. Besides this particular evil, I very willingly agree, that in as far as the good government of a state depends upon the application and capacity, as well as the integrity of those who sit at the helm, or who are employed in the administration, or direction of public affairs, in so far may the moral inconveniencies of *luxury* mentioned above, affect the prosperity of a state. The consequences of *excessive luxury*, *moral* and *physical*, as well as the dissipation of private fortunes, may render both the statesman, and those whom he employs, negligent in their duty, unfit to discharge it, rapacious and corrupt. These may, indirectly, be reckoned among the *political* evils attending *luxury*, in so far as they take place. But on the other hand, as they

they cannot be called the *necessary effects* of the *cause* to which they are here ascribed, that is, to *moral physical*, and *domestic luxury*, I do not think they can with propriety be implied in the definition of the term. They are rather to be attributed to the imperfection of the human mind, than to any other second cause, which might occasionally contribute to their production. They may proceed from *avarice*, as well as from *prodigality*.

I hope this short exposition of a matter, not absolutely falling within the limits of my subject, will suffice to prove that my definition of *luxury*, describes at least the most essential requisite towards determining it: *the providing of superfluity with a view to consumption*. This is inseparable from our ideas of *luxury*; but vicious *excess* certainly is not. A sober man may have a most delicate table, as well as a glutton; and a virtuous man may enjoy the pleasures of love and ease with as much sensuality as Heliogabalus. But no man can become luxurious, in our acceptation of the word, without giving bread to the industrious, without encouraging emulation, industry, and agriculture; and without producing the circulation, of an adequate equivalent for every service. This last is the palladium of liberty, the fountain of gentle dependence, and the agreeable band of union among free societies.

Let me therefore conclude my chapter, with a metaphysical observation. The use of words, is to express ideas; the more simple any idea is, the more easy it is to convey it by a word. Whenever, therefore, language furnishes several words, which are called *synonymous*, we may conclude, that the idea conveyed by them is not simple. On every such occasion, it is doing a service to learning, to render them as little synonymous as possible, and to point out the particular differences between the ideas they convey.

Now as to the point under consideration. I find the three terms, *luxury*, *sensuality*, and *excess*, generally considered in a synonymous light, notwithstanding the characteristic differences which distinguish them. *Luxury consists in providing the objects of sensuality, in so far*

as they are *superfluous*. *Sensuality* consists in the *actual enjoyment of them*; and *excess* implies an *abuse of enjoyment*. A person, therefore, according to these definitions, may be very *luxurious* from vanity, pride, ostentation, or with a political view of encouraging consumption, without having a turn for sensuality, or a tendency to fall into excess. *Sensuality*, on the other hand, might have been indulged in a Lacedemonian republic, as well as at the court of Artaxerxes. *Excess* indeed, seems more closely connected with *sensuality*, than with *luxury*; but the difference is so great, that I apprehend *sensuality* must in a great measure be extinguished, before *excess* can begin.

C H A P. XXI.

Of Physical and Political Necessaries.

AFTER having cleared up our ideas concerning *luxury*, it comes very naturally in, to examine what is meant by *physical-necessary*.

I have observed in the third chapter of the first book, that in most countries where food is limited to a determined quantity, inhabitants are fed in a regular progression down from plenty and ample subsistence, to the last period of want, and dying from hunger. *It is ample subsistence where no degree of superfluity is implied*, which communicates an idea of the *physical-necessary*. It is the top of this ladder; it is the first rank among men who enjoy no superfluity whatsoever. A man enjoys the *physical-necessary* as to food. when he is fully fed; if he is likewise sufficiently clothed, and well defended against every thing which may hurt him, he enjoys his full *physical-necessary*. The moment he begins to add to this, he may be considered as moving upwards into another category, to wit, the

class of the *luxurious*, or consumers of superfluity; of which there are to be found, in most countries, as many stages upward, as there are stages downwards, from where he stood before. This is one general idea of the question. Let me now look for another.

If we examine the state of many animals which have no appetites leading them to excess, we may form a very just idea of a *physical-necessary* for man. When they are free from labour, and have food at will, they enjoy their full *physical-necessary*. They are then in the height of beauty, and enjoy the greatest degree of happiness they are capable of. Animals which are forced to labour, prove to us very plainly, that this *physical-necessary* is not fixed to a point, but that it may vary like most other things: every one perceives the difference between labouring cattle which are well fed, and those which are middling, or ill fed; all however, I suppose to live in health, and to work according to their strength. This represents the nature of a *physical-necessary* for man.

In many of the inferior classes in every nation, we find various degrees of ease among the individuals; and yet upon the whole, it would be hard to determine, which are those who enjoy superfluity; which are those who possess the pure *physical-necessary*: and which are those who fall below it. The cause of this ambiguity must here be explained.

The nature of man furnishes him with some desires relative to his wants, which do not proceed from his animal oeconomy, but which are entirely similar to them in their effects. These proceed from the affections of his mind, are formed by habit and education, and when once *regularly established*, create another kind of necessary, which, for the sake of distinction, I shall call *political*. The similitude between these two species of *necessary*, is therefore the cause of ambiguity.

This *political-necessary* has for its object, certain articles of *physical superfluity*, which distinguishes what we call *rank* in society.

Rank

Rank is determined by birth, education, or habit. A man with difficulty submits to descend from a higher way of living to a lower; and when an accidental circumstance has raised him for a while, above the level of that *rank* where his *birth* or *education* had placed him, his ambition prompts him to support himself in his elevation. If his attempt be a rational scheme, he is generally approved of; the common consent of his fellow-citizens prescribes a certain *political-necessary* for him, proportioned to his ambition; and when at any time *this* comes to fail, he is considered to be in want.

If on the other hand, a person either from vanity, or from no rational prospect of success, forms a scheme of rising above the *rank* where *birth* or *education* had placed him, his fellow-citizens do not consent to prescribe for him a *political-necessary* suitable to his ambition; and when this fails him, he is only considered to fall back into the class he properly belonged to. But if the *political-necessary* suitable to this rank should come to fail, then he is supposed to be deprived of his *political-necessary*.

The measure of this last species of *necessary*, is determined only by general opinion, and therefore can never be ascertained justly; and as this opinion may have for its object even those who are below the level of the *physical-necessary*; it often happens, that we find great difficulties in determining its exact limits.

It may appear absurd, to suppose that any one can enjoy *superfluity* (which we have called the characteristic of *political necessary*) to whom any part of the *physical-necessary* is found wanting. However absurd this may appear, nothing, however, is more common among men, and the reason arises from what has been observed above. The desires which proceed from the affections of his mind, are often so strong, as to make him comply with them at the expence of becoming incapable of satisfying that which his animal oeconomy necessarily demands.

From this it happens, that however easy it may be to conceive an accurate idea of a *physical-necessary* for *animals*,

animals, nothing is more difficult, than to prescribe the proper limits for it with regard to *man*.

This being the case, let us suppose the condition of those who enjoy but little superfluity, and who fill the lower classes of the people, to be distinguished into three denominations; to wit, the highest, middle, and lowest degree of physical-necessary; and then let us ask, how we may come to form an estimation as to the respective value of the consumption implied in each, in order to determine the minimum as to the profits upon industry. This question is of great importance; because we have shewn that the prosperity of foreign trade depends on the cheapness of manufacturing; and this again depends on the price of *living*, that is of the physical-necessary for manufacturers.

One very good method of estimating the value of the total consumption implied by this necessary quantity, is to compute the expence of those who live in communities, such as in hospitals, work-houses, armies, convents, according to the different degrees of ease, severally enjoyed by those who compose them. In running over the few articles of expence in such establishments, it will be easy to discern between those which relate to the supply of the physical, and those which relate to the supply of the political-necessary: ammunition bread is an example of the first; a Monk's hood and long sleeves, are a species of the latter.

When once the real value of a man's subsistence is found, the statesman may the better judge of the degree of ease, necessary or expedient for him to allow to the several classes of the laborious and ingenious inhabitants.

As we have divided this physical-necessary into three degrees; the *highest*, *middle*, and *lowest*; the next question is, which of the three degrees is the most expedient to be established, as the standard value of the industry of the very lowest class of a people.

I answer, that in a society, it is requisite that the individual of the most puny constitution for labour and industry,

industry, and of the most slender genius for works of ingenuity, having no natural defect, and enjoying health, should be able by a labour proportioned to his force, to gain the *lowest* degree of the physical-necessary, for in this case, by far the greatest part of the industrious will be found in the second class, and the strong and healthy all in the first.

The difference between the highest class and the lowest, I do not apprehend to be very great. A small quantity added to what is barely sufficient, makes enough: but this *small quantity* is the most difficult to acquire, and this is the most powerful spur to industry. The moment a person begins to live by his industry, let his livelihood be ever so poor, he immediately forms little objects of ambition; compares his situation with that of his fellows who are a degree above him, and considers a shade more of ease, as I may call it, as an advancement, not only of his happiness, but of his rank.

There are still more varieties to be met with among those who are confined to the sphere of the physical-necessary. The labour of a strong man ought to be otherwise recompensed than that of a puny creature. But in every state there is found labour of different kinds, some require more, and some less strength, and all must be paid for; but as a weakly person does not commonly require so much nourishment as the strong and robust, the difference of his gains may be compensated by the smallness of his consumption.

What we mean by the *first class* of the physical-necessary, is when a person gains wherewithal to be well fed, well cloathed, and well defended against the injuries of heat and cold, without any superfluity. This I say, a strong healthy person should be able to gain by the exercise of the lowest denominations of industrious labour, and that without a possibility of being deprived of it, by the competition of others of the same profession.

Could a method be fallen upon to prevent competition among industrious people of the same profession, the moment they come to be reduced within the limits
of

of the *physical-necessary*, it would prove the best security against decline, and the most solid basis of a lasting prosperity.

But as we have observed in the first book, the thing is impossible, while marriage subsists on the present footing. From this one circumstance, the condition of the industrious of the same profession is rendered totally different. Some are loaded with a family, others are not. The only expedient, therefore, for a statesman, is to keep the general principles constantly in his eye, to destroy this competition as much as he can, at least in branches of exportation; to avoid, in his administration, every measure which may tend to promote it, by constituting a particular advantage in favour of some individuals of the same class; and if the management of public affairs, necessarily implies such inconveniencies, he must find out a way of indemnifying those who suffer by the competition.

We may therefore, in this place, lay down two principles: First, that no competition should be *encouraged* among those who labour for a *physical-necessary*; secondly, that in a state which flourishes by her foreign trade, competition is to be encouraged in every branch of exportation, until the competitors have reduced one another within the limits of that necessary.

Further, I must observe, that this *physical-necessary* ought to be the highest degree of ease, which any one should be able to acquire with labour and industry, where no peculiar ingenuity is required. This also is a point deserving the attention of a statesman. How frequently do we find, in great cities, different employments, such as carrying of water, and other burthens, sawing of wood, &c. erected into confraternities, which prevent competition, and raise profits beyond the standard of the *physical-necessary*. This, I apprehend, is a discouragement to ingenuity, and has the bad effect of rendering living dear, without answering any one of the intentions of establishing corporations, as shall be shewn in another place. The *physical-necessary*, therefore, ought to be the reward of *labour and industry*;
whatever

whatever any workman gains above this standard, ought to be in consequence of his superior *ingenuity*.

It is not at all necessary to prescribe the limits between these two classes; they will sufficiently distinguish themselves by the simple operation of competition. Let a particular person fall upon an ingenious invention, he will profit by it, and rise above the lower classes which are confined to the *physical-necessary*; but if the invention be such as may be easily copied, he will quickly be rivalled to such a degree as to reduce his profits within the bounds of that *physical-necessary*; so soon as this comes to be the case, his *ingenuity* disappears, because it ceases to be *peculiar* to him.

Here arises a question: whence does it happen that certain workmen avoid this competition, and make considerable gains by their employment, while others are rivalled in their endeavours to retain a bare *physical-necessary*?

There is a combination of several causes to operate these effects, which we shall examine separately; leaving to the reader to judge, how far the combination of them may extend profits beyond the *physical necessary*.

I. We have said (chap. 9.) that the value of a workman's labour is determined from the quantity performed, in general, by those of his profession, neither supposing them the best nor the worst, nor as having any advantage or disadvantage, from the place of their abode. A workman therefore, who, to an extraordinary dexterity, joins the advantages of place, must gain more than another.

II. We have often remarked, that competition between workmen of the same profession, diminishes the profits upon labour. From this it follows, that in such arts where the least competition is found, there must be the largest profits. Now several circumstances prevent competition. First, an extraordinary dexterity in any art, and especially in those where the whole excellency depends upon great exactness, such as watch-making, painting of all kinds, making mathematical instruments, and the like; all which set a celebrated artist in
a manner:

a manner above a possibility of rivalship, and make him the master of his price, as experience shews. 2d. The difficulty of acquiring the dexterity requisite, resulting both from the time and money necessary to be spent in apprenticeship, proves a plain obstacle to a numerous competition. Few there are, who having the stock sufficient to defray the loss of several years fruitless application, have also the turn necessary to lead them to that particular branch of ingenuity. 3d. Many there are, who have skill and capacity sufficient to enter into competition, but are obliged to work for others, because of the expensive apparatus of instruments, machines, lodging, and many other things necessary for setting out as a master in the art. These, and similar causes prevent competition, and support large profits. 4th. Masters increase their profits greatly by sharing that of their journeymen: this share, the first have a just title to from the constant employment they procure for the latter; and the certainty these have of gaining their *physical-necessary*, together with a profit proportional to their dexterity, makes them willing to share with their master. The 5th cause of considerable gains, and the last I shall mention, is the most effectual of all, viz. great oeconomy, and parsimonious living. In proportion to the concurrence and combination of these circumstances, the fortune of the artist will increase, which is the answer to the first part of the question proposed.

We are next to enquire how it happens that many industrious people are rivalled in an industry which brings no more than a bare *physical-necessary*. This proceeds from some disadvantage either in their personal or political situation. In their personal situation, when they are loaded with a numerous family, interrupted by sickness, or other accidental avocations. In their political situation, when they happen to be under a particular subordination from which others are free, or loaded with taxes which others do not pay.

I shall

I shall only add, that in computing the value of the *physical-necessary* of the lowest denomination, a just allowance must be made for all interruptions of labour : no person can be supposed to work every free day ; and the labour of the year must defray the expence of the year. This is evident. Further, neither humanity, or policy, that is the interest of a state, can suggest a rigorous oeconomy upon this essential quantity. If the great abuses upon the price of labour are corrected, those which remain imperceptible to the public eye, will prove no disadvantage to exportation ; and as long as this goes on with success, the state is in health and vigour. Exportation of *work* is another pulse of the political body.

C H A P. XXII.

Preliminary Reflections upon inland Commerce.

I RESUME the subject, which, as a rest to the mind, I dropt at the end of the 19th chapter.

I am to treat directly of inland commerce, which has been sufficiently distinguished from infant and foreign trade.

We are to consider ourselves now as transported into a new country. Here foreign trade has been carried to the greatest height possible ; but the luxury of the inhabitants, the carelessness, perhaps, of the statesman, and the natural advantages of other nations, added to the progress of their industry and refinement, have concurred to cut this branch off, and thereby to dry up the source which had constantly been augmenting national opulence.

We must examine the natural effects of this revolution, we must point out how every inconvenience may be avoided, and how a statesman may regulate his conduct,

duct, so as to prevent the exportation of any part of that wealth which the nation may have heaped up within herself, during the prosperity of her foreign trade. How he may keep the whole of his people constantly employed, and by what means he may promote an equable circulation of domestic wealth, as an adequate equivalent given by the rich, for services rendered them by the industrious poor. How, by a judicious imposition of taxes, he may draw together an equitable proportion of every man's annual income, without reducing any one below the standard of a full physical-necessary. How he may, with this public fund, preserve in vigour every branch of industry, and be enabled also, by the means of it, to profit of the smallest revolution in the situation of other nations, so as to re-establish the foreign trade of his own people. And, lastly, how the society may be thereby sufficiently defended against foreign enemies, by a body of men regularly supported and maintained at the public charge, without occasioning any sudden revolution hurtful to industry, either when it becomes necessary to increase their numbers, in order to carry on an unavoidable war, or to diminish them, upon the return of peace and tranquillity. This is, in few words, the object of a statesman's attention when he is at the head of a people living upon their own wealth, without any mercantile connection with strangers.

However hurtful the natural and immediate effects of political causes may have been formerly, when the mechanism of government was less compounded than at present, they are now brought under such restrictions, by the complicated system of modern oeconomy, that the evil which might otherwise result, is guarded against with ease.

As often, therefore, as we find a notable prejudice resulting to a state, from a change of their circumstances, *gradually taking place*, we may safely conclude, that negligence, or want of abilities, in those who have the direction of public affairs, has more than any other cause been the occasion of it.

It

It was observed, in the third chapter of the first book, that before the introduction of modern oeconomy, which is made to subsist by the means of taxes, a state was seldom found to be interested in watching over the actions of the people. They bought and sold, transferred, transported, modified, and compounded productions and manufactures for public use, and private consumption, just as they thought fit. Now it is precisely in these operations that a modern state is chiefly interested; because proportional taxes are made to affect a people on every such occasion.

The interest the state has in levying these impositions gives a statesman an opportunity of laying such operations under certain restrictions; by the means of which, upon every change of circumstances, he can produce the effect he thinks fit. Do the people buy from foreigners what they can find at home, he imposes a duty upon importation. Do they sell what they ought to manufacture, he shuts the gates of the country. Do they transfer or transport at home, he accelerates or retards the operation, as best suits the common interest. Do they modify or compound what the public good requires to be consumed in its simple state, he can either prevent it by a positive prohibition, or he may permit such consumption to the more wealthy only, by subjecting it to a duty.

So powerful an influence over the operations of a whole people, vests an authority in a modern statesman, which was unknown in former ages, under the most absolute governments. We may discover the effects of this, by reflecting on the force of some states, at present, in Europe, where the sovereign power is extremely limited, as to every *arbitrary* exercise of it, and where, at the same time, that very power is found to operate over the wealth of the inhabitants, in a manner far more efficacious than the most despotic and arbitrary authority can possibly do.

It is the order and regularity in the administration of the complicated modern oeconomy, which alone can put a statesman in a capacity to exert the whole force

of his people. The more he has their actions under his direction, the easier it is for him to make them concur in advancing the general good.

Here it is objected, that any free people who invest a statesman with a power to control their most trivial actions, must be out of their wits, and considered as submitting to a voluntary slavery of the worst nature, as it must be the most difficult to be shaken off. This I agree to; supposing the power vested to be of an arbitrary nature, such as we have described in the thirteenth chapter of this book. But while the legislative power is only exerted in acquiring an influence over the actions of individuals, in order to promote a scheme of political oeconomy, uniform and consistent in all its parts, the consequence will be so far from introducing slavery among the people, that the execution of the plan will prove absolutely inconsistent with every arbitrary or irregular measure.

The power of a modern Prince, let him be, by the constitution of his kingdom, ever so absolute, becomes immediately limited so soon as he establishes the plan of oeconomy which we are endeavouring to explain. If his authority formerly resembled the solidity and force of the wedge, which may indifferently be made use of, for splitting of timber, stones, and other hard bodies, and which may be thrown aside and taken up again at pleasure; it will at length come to resemble the watch, which is good for no other purpose than to mark the progression of time, and which is immediately destroyed, if put to any other use, or touched by any but the gentlest hand.

As modern oeconomy, therefore, is the most effectual bridle ever invented against the folly of despotism; so the wisdom of so great a power shines no where with greater lustre, than when we see it exerted in planning and establishing this oeconomy, as a bridle against the wanton exercise of power in succeeding generations. I leave it to my reader to seek for examples in the conduct of our modern Princes, which may confirm what, I think, reason seems to point out: were they less striking, I might be tempted to mention them.

The

The part of our subject we are now to treat of, will present us with a system of political oeconomy, still more complicated than any thing we have hitherto met with.

While foreign trade flourishes and is extended, the wealth of a nation increases daily : but her force is not so easily exerted, as after this, wealth begins to circulate more at home, as we shall easily shew. But, on the other hand, the force she exerts is much more easily recruited. In the first case, her frugality enables her to draw new supplies out of the coffers of her neighbours ; in the last, her luxury affords a resource from the wealth of her own citizens.

In opening my chapter, I have introduced my reader into a new country ; or indeed I may say, that I have brought him back into the same which we had under our consideration in the first book.

Here luxury and superfluous consumption will strike his view almost at every step. He will naturally compare the system of frugality, which we have dismissed, with that of dissipation, which we are now to take up ; and we may very naturally conclude, that the introduction of the latter, must prove a certain forerunner of destruction. The examples found in history of the greatest monarchies being broken to pieces, so soon as the taste of simplicity was lost, seem to justify this conjecture. It is, therefore, necessary to examine circumstances a little, that we may compare, in this particular also, the oeconomy of the antients with our own ; in order to discover whether the introduction of luxury be as hurtful at present, as it formerly proved to those states which made so great a figure in the world ; and which now are only known from history, and judged of, from the few scattered ruins which remain to bear testimony of their former greatness.

Luxury is the child of wealth ; and wealth is acquired by states, as by private people, either by a lucrative, or by an onerous title, as the civilians speak. The lucrative title, by which a state acquires, is either by rapine, or from her mines ; the onerous title, or that for a valuable consideration, is by industry.

The wealth of the antient monarchs of Babylon, Persia, Greece, and Rome, was the effect of rapine; whereas industry enriched the cities of Sydon, Tyre, Carthage, Athens, and Alexandria. The luxury of the first, proved the ruin of the luxurious; the luxury of the last, advanced their grandeur: because they had no rivals to take advantage of the natural effects of this luxury, in cutting off the profits of foreign trade. Peace was as hurtful to the plunderers, as war was destructive to the industrious.

When an empire was at war, its wealth was thereby made to circulate for an equivalent in services performed. So soon as peace was restored, every one returned, as it were, to a state of slavery. The monarch then possessed himself of all the wealth, and distributed it by caprice. Fortunes were made in an instant, and no body knew how: they were lost again by transitions equally violent and sudden. The luxury of those days was attended with the most excessive oppression. Extraordinary consumption was no proof of the circulation of any adequate equivalent in favour of the industrious: it had not the effect of giving bread to the poor, nor of proportionally diminishing the wealth of the rich. The great constantly remained great; and the more they were prodigal, the more the small were brought into distress. In one word, luxury had nothing to recommend it, but that quality which *solely* constitutes the abuse of it in modern times; to wit, the excessive gratification of the passions of the great, which frequently brought on the corruption of their manners.

When such a state became luxurious, public affairs were neglected; because it was not from a right administration that wealth was to be procured. War, under such circumstances, worked effects almost similar to the springing up of industry in modern times; it procured employment, and this produced a more regular circulation, as has been said.

On the other hand, the wealth and luxury of the trading cities abovementioned, which was of the same species with that of modern times, proceeded from the
alienation

alienation of their work ; that is, from their industry. Nothing was gained for nothing, and when they were forced to go to war, they found themselves obliged either to dissipate their wealth, by hiring troops, or to abandon the resources of it, the labour of their industrious citizens. Thus the punic wars exalted the grandeur of plundering Rome, and blotted out the existence of industrious Carthage. I do not here pretend to vindicate the justness of these reflections in every circumstance, and it is foreign to my present purpose to be more particular ; all I seek for, is to point out the different effects of luxury in antient and modern times.

Antient luxury was quite *arbitrary* ; consequently could be laid under no limitations, but produced the worst effects, which *naturally* and *mechanically* could proceed from it.

Modern luxury is *systematical* ; it cannot make one step, but at the expence of an adequate equivalent, acquired by those who stand the most in need of the protection and assistance of their fellow citizens ; and without producing a vibration in the balance of their wealth. This balance is in the hands of the statesman, who may receive a contribution upon every such vibration. He has the reins in his hand, and may turn, restrain, and direct the luxury of his people, towards whatever object he thinks fit.

Luxury here is so far from drawing on a neglect of public affairs, that it requires the closest application to the administration of them, in order to support it. When these are neglected, the industrious will be brought to starve, consumption will diminish ; that is, luxury will insensibly disappear, and hoarding will succeed it. These and similar consequences will undoubtedly take place, and *mechanically* follow one another, when a skilful hand is not applied to prevent them.

It is impossible not to perceive the advantages of supporting a flourishing inland trade, after the extinction of foreign commerce. By such means elegance of taste, and the polite arts, may be carried to the high-

est pitch. The whole of the inhabitants may be employed in working and consuming; all may be made to live in plenty and in ease, by the means of a swift circulation, which will produce a reasonable equality of wealth among all the inhabitants. Luxury can never be the cause of inequality. Hoarding and parsimony form great fortunes, luxury dissipates them and restores equality.

Such a situation would surely be of all others the most agreeable, and the most advantageous, were all mankind collected into one society, or were the country where it is established cut off from every communication with other nations.

The balance between work and demand would then only influence the balance of wealth among individuals. If hands became scarce, the balance would turn the quicker in favour of the laborious, and the idle would grow poor. If hands became too plentiful (which indeed is hardly to be expected) every thing would be bought the cheaper; but the same quantity of wealth would still remain without any diminution.

Where is, therefore, the great advantage of foreign trade?

I answer by putting another question. Where is the great advantage of a person's making a large fortune in his own country? A man of a small estate may, no doubt, be as happy as another with a great one; and the same thing would be true of nations, were all equally inspired with a spirit of peace and justice; or were they subordinate to a higher temporal power, which could protect the weak against the violence and injustice of the strong.

It is, therefore, the separate interests of nations who incline to communicate together, and consume of one another's commodities, which renders the consideration of the principles of trade, a matter of great importance.

While nations contented themselves with their own productions, while the difference of their customs, and
contrast

contrast of their prejudices were great, the connections between them were not very intimate.

From this proceeds the great diversity of languages and dialects. When a traveller finds a sudden transition from one language to another, or from one dialect to another, it is a proof that the manners of such people have been long different, and that they have had little communication with one another. On the contrary, when dialects change by degrees, as in the provinces of the same country, it is a proof that there has been no great repugnancy in their customs. In like manner, when we find several languages, at present different, but plainly deriving from the same source, we may conclude, that there was a time when such nations were connected by correspondence, or that the language has been transplanted from one to the other, by the migration of colonies. But I insensibly wander from my subject.

I have said, that when nations contented themselves with their own productions, connections between them were not very intimate. While trade was carried on by the exchange of consumable commodities, this operation also little interested the state; consumption then was equal on both sides; and no balance was found upon either. But so soon as the precious metals became an object of commerce, and when, by being rendered an universal equivalent for every thing, it became also the measure of power between nations, then the acquisition, or at least the preservation of a proportional quantity of it, became, to the more prudent, an object of the last importance.

We have seen how a foreign trade, well conducted, has the necessary effect of drawing wealth from all other nations. We have seen in what manner the benefit resulting from this trade may come to a stop, and how the balance of it may come round to the other side. We are now to examine how the same prudence which set foreign trade on foot, and supported it as long as possible, may guard against a sudden revolution, and at the same time put an effectual stop

to it; to the end that a nation enriched by commerce may not, by blindly or mechanically carrying it on, when the balance is against her, fall into those inconveniencies which other nations must have experienced during her prosperity.

C H A P. XXIII.

When a Nation, which has enriched herself by a reciprocal Commerce in Manufactures with other Nations, finds the Balance of Trade turn against her, it is her Interest to put a Stop to it altogether.

TRADE having subsisted long in the nation we are now to keep in our eye, I shall suppose that, through length of time, her neighbours have learned to supply one article of their own and other peoples wants cheaper than she can do. What is to be done? Nobody will buy from her, when they can be supplied from another quarter at a less price. I say, what is to be done? For if there be no check put upon trade, and if the statesman do not interpose with the greatest care, it is certain, that merchants will import the produce, and even the manufactures of rival nations; the inhabitants will buy them preferably to their own; the wealth of the nation will be exported; and her industrious manufacturers will be brought to starve. We may therefore look upon this, as a problem in trade, to be resolved by the principles already established.

First, then, it must be inquired, if, in the branch in which she is underfold, her rivals enjoy a natural advantage above her, which no superior industry, frugality, or address on her side, can counterbalance? If this be the case, there are three different courses to be pursued, according to circumstances.

1^{mo}. To renounce that branch of commerce entirely, and to take the commodities wanted from foreigners, as they can furnish them cheaper.

2^{do}. To prohibit the importation of such commodities altogether.

3^{tio}. To impose a duty upon importation, in order to raise the price of them so high as to make them dearer than the same kind of commodity produced at home.

The first course may be taken, if, upon examining how the hands employed in a manufacture may be disposed of, it be found, that they may easily be thrown into another branch of industry, in which the nation's natural advantages are as superior to her rivals, as their's are superior to her's in the branch she intends to abandon; and providing her neighbours will agree to open their ports to the free importation of the commodities in question. For though there may be little profit in a trade by exchange, I still think it advisable to continue correspondence, and to avoid every occasion of cutting off commerce with other nations. A laborious, oeconomical, and sagacious nation, such as I suppose our traders to be, will be able to profit of many circumstances, which would infallibly turn to the disadvantage of others less expert in commerce, with whom she trades; and in expectation of favourable revolutions, she ought not rashly, nor because of small inconveniencies, to renounce trading with them; especially if luxury should appear there to be on the growing hand.

But suppose the rival nation will not consent to receive the manufactures which the traders may produce with great natural advantages, what course then is the best to be taken?

I think she ought to encourage the branch in which she is rivalled, for her own consumption, though she must give over exporting it; and, in this case, it must be examined, whether that trade with foreigners should be prohibited altogether, (which is the second course mentioned above) or whether it be more advisable to prefer the last scheme, viz. to allow the commodities

commodities to be imported, with a duty which may raise their price to so just a height as neither to suffer them to be sold so cheap as to discourage the domestic fabrication, nor dear enough to raise the profits of manufactures above a reasonable standard, in case of an augmentation of demand.

The second course must be taken, when the natural advantages of the foreign nations are so great, as to oblige the statesman to raise duties to such a height as to give encouragement to smuggling.

The third course seems the best, when the advantages of the rivals are more inconsiderable; in which case, the traders, may, in time, and by the progress of luxury among their neighbours, or from other revolutions, which happen frequently in trading nations, regain their former advantages.

This may be a decision, in case a nation be rivalled in a branch where she has not equal advantages with her neighbours; and when she cannot compensate this inconvenience, either by her frugality or industry, or by the means of a proper application of her national wealth. These operations have been already fully explained, and are now considered as laid aside; not that we suppose they can ever cease to operate their effects in all nations, but in order to simplify our ideas, and to point out the principles which ought to direct a statesman upon occasions where he finds better expedients impracticable, from different combinations of circumstances.

Let me next suppose a nation to be rivalled in her staple manufactures, that is, in those where she has the greatest natural advantages in her favour.

Whenever such a case happens, it must proceed from some vice within the state. Either from the progress of luxury in the workmen, which must proceed from consolidated profits, or from accidental disadvantage; such as dearness of subsistence, or from taxes injudiciously imposed. These (I mean all, except the taxes, of which afterwards) must be removed upon the principles above laid down: and if this cannot be compassed, no matter why; then comes the fatal

tal period, when all foreign reciprocal commerce in manufactures must be given up. For if no profit can be made upon branches where a nation has the greatest natural advantages, it is more than probable, that every other branch will prove at least equally disadvantageous. If upon this revolution the ports of the nation be not shut against the importation of foreign manufactures, merchants will introduce them, and this will drain off the nation's wealth, and bring the industrious to starve.

It is upon this principle that incorporations are established. Of these we shall say a word, and conclude our chapter.

Cities and corporations, may be considered as nations, where luxury and taxes have rendered living so expensive, that work cannot be furnished but at a high rate. If labour, therefore, of all kinds, were permitted to be brought from the provinces, or from the country, to supply the demand of the capital and smaller corporations, what would become of tradesmen and manufacturers who have their residence there? If these, on the other hand, were to remove beyond the liberties of such corporations, what would become of the public revenue, collected in these little states, as I may call them?

By the establishment of corporations, a statesman is enabled to raise high impositions upon all sorts of consumption; and notwithstanding that these have the necessary consequence of increasing the price of labour, yet by other regulations, of which afterwards, the bad consequences thereby resulting to foreign trade may be avoided, and every article of exportation be prevented from rising above the proper standard for making it vendible, in spite of all foreign competition.

The plan of modern taxation seems first to have been introduced into cities, while the country was subject to the barons, and remained in a manner quite free from them. Cities having obtained the privilege of incorporation, began, in consequence of the power vested in their magistrates, to levy taxes: and finding the inconveniencies resulting from external competition
(foreign

(foreign trade) they erected the different classes of their industrious into confraternities, or corporations of a lower denomination, with power to prevent the importation of work from their fellow tradesmen not of the society.

Here arises a question.

Why are corporations complained of in many countries, as being a check upon industry; if the establishment of them proceeds from so plain a principle as that here laid down?

Let me draw my answer from another question. Why are they not complained of in all countries?

The difference between the situation of one country and another, will plainly point out the principle which ought to regulate the establishment and government of corporations. When this is well understood, all disputes concerning the general utility, or harm arising from them will be at an end: and the question will be brought to the proper issue; to wit, their relative utility considered with respect to the actual situation of the country where they are established. In one province a corporation will be found useful, in another just the contrary.

First then it must be agreed, on all hands, that the principle laid down is just. Nobody ever advanced, that the industry carried on in *towns*, where living is dear, ought to suffer a competition with that of the *country*, where living is cheap; I mean for the direct consumption of the citizens. But it may be advanced, that no subaltern corporation should enjoy an exclusive privilege against those who share of every burthen imposed by the great corporation from which they draw their existence. That they have no right of exclusion against citizens; but only against strangers who are not under the same jurisdiction, nor liable to the same burthens. Here the dispute lies between the members of the great corporation and those of the smaller. Now, I say, while no other interest is concerned, the decision of this question ought to be left to the corporation itself. But the moment the public good comes to be affected

affected by certain privileges enjoyed by individuals, such privileges should either be abolished, or put under limitations.

In countries where industry stands at a determined height, while the consumption of cities neither augments nor diminishes; when those who live upon an income acquired, live uniformly in the same way; when this regular consumption is regularly supplied, by a certain number of citizens sufficient to supply it; when the hands employed for this purpose are in a perfect proportion to the demand made upon them; in such countries, I say, any diminution of the privileges of corporations would be a means of overturning the equal balance between work and demand.

We have said above, that when hands become too many for the work, profits fall below the necessary standard of subsistence; that the industrious enter into competition for the physical-necessary, and hurt one another. Here then is the principle which the corporation ought to keep in their eye: the profits upon every trade ought to be in proportion to work.

In order to come the better at the knowledge of this proportion, many corporations in Germany have the subaltern corporations of trades restrained to certain numbers. There is a determined number of apothecaries, joiners, smiths, &c. allowed in every town, and no more; according as employment is found for them. This seems a good regulation. I do not say it may not be abused. But the power of administration must be lodged somewhere; and if in a country where industry is making little progress, corporations were laid open, the consequence would be, that every one would starve another, and the consumers would be ill served.

On the other hand, when industry springs up, when the manners of a people change all of a sudden, or by quick degrees, as has been the case in many countries in Europe within these threescore years: it is a mark of a narrow capacity not to perceive that a change of administration becomes necessary; and if on such revolutions, those who are at the head of corporations should
profit

profit of the increase of demand, and occasion prices to rise in favour of the incorporated workmen, the infallible consequence will be, to make the city become deserted, and deprived of a trade, which otherwise would necessarily fall to her share, in consequence of the advantage she must draw from establishments already made for supplying every branch of consumption. * But let the principle above mentioned be constantly followed; let profits be kept at a right standard; let hands be increased according to demand; let the city workmen gain no advantage over those of the country, which may not be compensated by the difference of the price of subsistence; let the disadvantages again on the side of the town affect only their own consumption, not the surplus of their industry; let every convenience for carrying on foreign trade (every thing here is understood to be foreign, which does not enter into the consumption of the town) be provided for in the suburbs, or, if you please, in a place out of the town walled in for that purpose; let markets there be held for every kind of work coming from the country; and then the true intent of a corporation will be answered. If it be found that the prosperity of trade demands still more liberty, then the corporation may be thrown open; but on the other hand, every burthen must be taken off, and every incorporated member must be indemnified by the state, for the loss he is thereby made to suffer.

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* The cities of the Austrian Netherlands are, from these causes, at present in a state of depopulation; and the industrious classes are assembling in the villages, which are beginning to rival the populousness of cities. In these villages, the privileges of the cities are not established. Privileges which will in all probability end in their bankruptcy as well as depopulation. The depopulation will follow from the causes already mentioned; the bankruptcy from the sums these corporations lend the sovereign, on the credit of new impositions constantly laying upon every branch of consumption. This is so true, that the acquisition of this country (one of the most fertile and most populous in Europe) would hardly be worth the having, if the debts owing by the corporations were to be fairly paid, and their ruinous *privileges* (as they are called) allowed to subsist without alteration.

The great change daily operating on the spirit of European nations, where corporations have been long established, without any great inconvenience having been found to arise from them, suggests these reflections, which seem to flow naturally, from the principles we have deduced. I shall only add, that from the practice of imposing taxes within these little republics (as I have called them) Princes seem to have taken the hint of extending that system; by first appropriating to the public revenue, what the cities had established in favour of themselves, and then by enlarging the plan as circumstances favoured their design. That this is the true origin of the modern plan of taxation (I mean that upon consumption) may be gathered from hence; that the right of imposing taxes appears nowhere, almost, to have been essentially attached to royalty, even in those kingdoms, where Princes have long enjoyed an unlimited constitutional authority over the persons of their subjects. This right I take to be the least equivocal characteristic of an absolute and unlimited power. I know of no christian monarchy (except, perhaps, Russia) where either the consent of states, or the approbation or concurrence of some political body within the state, has not been requisite to make the imposition of taxes constitutional; and if more exceptions are found, I believe it will not be difficult to trace the origin of such an exertion of sovereign authority, without ascending to a very high antiquity. The prerogative of Princes in former times, was measured by the power they could constitutionally exercise over the *persons* of their subjects; that of modern princes, by the power they have over their *purse*.

Having, therefore, shewn the necessity of putting a stop to foreign reciprocal commerce in manufactures, so soon as in every branch this trade becomes disadvantageous to a nation; the next question comes to be, how to proceed in the execution, so as to avoid a sudden and violent revolution in the oeconomy of the state, which is of all things the most dangerous: the hurt, therefore, ought to be foreseen at a great distance, in order to be methodically prevented.

C H A P.

C H A P. XXIV.

What is the proper Method to put a Stop to a foreign Trade in Manufactures, when the Balance of it turns against a Nation ?

IT must not be understood, from what was said in the last chapter, that so soon as the balance of foreign trade, either on the whole, or on any branch of manufacture, is to be found against a nation, that a statesman should then at once put a total stop to it. This is too violent a remedy ever to be applied with success.

It is hardly possible, that a considerable revolution in the trade of a nation should happen suddenly, either to its advantage, or disadvantage, unless in times of civil discord, or foreign wars, which at present do not enter into the question.

A sagacious statesman will, at all times, keep a watchful eye upon every branch of foreign commerce, especially upon importations. These consist either in the natural produce of other countries, or in such produce increased in its value by manufacture.

In all trade two things are to be considered in the commodity fold. The first is the matter; the second is the labour employed to render this matter useful.

The matter exported from a country, is what the country loses; the price of the labour exported, is what it gains.

If the value of the matter imported, be greater than the value of what is exported, the country gains. If a greater value of labour be imported, than exported, the country loses. Why? Because in the first case, strangers must have paid, *in matter*, the surplus of labour exported; and in the second case, because the country must have paid to strangers, *in matter*, the surplus of labour imported.

It is therefore a general maxim, to discourage the exportation of it.

When

When any manufacture begins to be imported, which was usually made at home, it is a mark that either the price of it begins to rise within the country, or that strangers are making a new progress in it. On the other hand, when the importation of manufactures consumed within a country comes to diminish, and when merchants begin to lose upon such branches of trade, it is a proof that industry at home is gaining ground in those articles. The statesman then must take the hint, and set out by clogging gently the importation of those commodities, not so as to put a stop to it all at once; because this might have the effect of carrying profits too high upon the home fabrication of them.

All sudden revolutions are to be avoided. A sudden stop upon a large importation, raises the prices of domestic industry by jerks, as it were; they do not rise gradually; and these sudden profits engage too many people to endeavour to share in them. This occasions a desertion from other branches of industry equally profitable to the state. Such revolutions do great harm; because it is a long time before people come to be informed of their true cause, and during the uncertainty, they are, as it were, in a wilderness, surprized and delighted with the consequences, according as their several interests are affected by them. Every one accounts for the phenomena in a different way. Some are for applying remedies against the inconveniencies; while others are totally taken up in profiting to the utmost of every momentary advantage. In a word, nothing is more hurtful than a sudden revolution, in so complicated a body as that of the whole class of the industrious, in a modern society. When therefore such changes happen, in spite of all a statesman can do, the best way to prevent the inconveniencies which they draw along with them, is to inform the public of the true causes of every change, favourable or hurtful to the several classes of inhabitants. This also seems to be the best method to engage every one to concur in promoting the proper remedies, when the inconveniencies themselves cannot be prevented. So

much for a scheme of encouraging growing manufactures, or of supporting them in their decline. I proceed next to consider the methods of preventing the loss of others already established.

We have said, that the importation of any article of consumption usually provided at home, was a proof by no means equivocal of a foreign rivalship. I shall say nothing, at present, of the methods to be used as a remedy for this inconvenience : these have been already discussed. We must now suppose, every one that might be contrived for this purpose, to become ineffectual ; and that foreign industry is so far gaining ground, as daily, more and more, to supply the several branches of domestic consumption.

Upon this, the statesman will begin by laying the importation of such commodities under certain restrictions. If these do not prove sufficient, they must be increased ; and if the augmentation produces frauds, difficult to be prevented, the articles must be prohibited altogether. By this method of proceeding, it will be found, that without any violent or sudden prohibition laid upon foreign trade, by little and little, every pernicious branch of it will be cut off, till at last it will cease altogether, as in the case mentioned above ; to wit, when the most advantageous branches cannot be carried on without loss.

Something, however, must here be added, in order to restrain so general a plan of administration. Nothing is more complex than the interests of trade, considered with respect to a whole nation. It is hardly possible for a people to have every branch of trade favourable for the increase of her wealth : consequently, a statesman who, upon the single inspection of one branch, would lay the importation of it under limitations, in proportion as he found the balance upon it unfavourable to the nation, might very possibly undo a flourishing commerce.

He must first examine minutely every use to which the merchandize imported is put : if a part is re-exported with profit, this profit must be deduced from the balance of loss incurred by the consumption of the

the remainder. If it be consumed upon the account of other branches of industry, which are thereby advanced, the balance of loss may still be more than compensated. If it be a means of supporting a correspondence with a neighbouring nation, otherwise advantageous, the loss resulting from it may be submitted to, in a certain degree. But if upon examining the whole chain of consequences, he finds the nation's wealth not at all increased, nor her trade encouraged, in proportion to the damage at first incurred by the importation, I believe he may decide, that such a branch of trade is hurtful; and therefore that it ought to be cut off, in the most prudent manner, according to the general rule.

The first object of the care of a statesman, who conducts a nation, which is upon the point of losing her foreign trade, without any prospect or probability of recovering it, is to preserve her wealth already acquired. No motive ought to engage him to sacrifice this wealth, the safety alone of the whole society excepted, when suddenly threatened by foreign enemies. The gratification of particular people's habitual desires, although the wealth they possess may enable them, without the smallest hurt to their private fortunes, to consume the productions of other nations; the motive of preventing hoards; that of promoting a brisk circulation within the country; the advantages to be made by merchants, who may enrich themselves by carrying on a trade disadvantageous to the nation; even, to say all in one word, the supporting of the same number of inhabitants, ought not to engage his consent to the diminution of national wealth.

Here follow my reasons for carrying this proposition so very far, even to the length of sacrificing a part of the inhabitants of a country to the preservation of its wealth; and I flatter myself, that when duly examined, I may avoid the smallest imputation of Machiavelian principles, in consequence of so bold an assertion.

While a people are fed with the produce of their own lands, the preservation of their numbers is quite consistent with the preservation of their wealth. If,

therefore, in a such a case their numbers should be diminished upon a decay of foreign trade, either by their food's being exported, or by their lands becoming uncultivated, I should never hesitate to lay the blame upon the statesman's administration.

But an industrious people may (as has been said) carry their numbers far beyond the proportion of their own subsistence. The deficiency must be supplied from abroad, and must be paid with the balance of the trade in their favour. Now when this balance comes to turn against them, and when, consequently, a stop is put to the disadvantageous foreign trade, upon the principles we have been laying down, the statesman is reduced to this alternative; either annually to allow a part of the wealth already got, to be exported, in order to buy subsistence for the *surplus* of his people, as I may call them, or to reduce their numbers by degrees, either by encouragements given to their leaving the country, or by establishing colonies, &c. until they are brought down to the just proportion of national subsistence. If he prefers the first, supposing the execution of such a plan to be possible, the consequence will be, that so soon as all the wealth is spent, the whole society, except the proprietors of the lands, and these who cultivate them, must go to destruction. If he prefers the second, he remains independent of all the world with respect to the inhabitants he preserves. They remain in a capacity of maintaining themselves, and he may alter the plan of his political oeconomy as best suits his circumstances, relatively to other nations. While all his subjects are employed and provided for, he will remain at the head of a flourishing and happy people.

It may be here objected, that the first alternative is an impossible supposition. I allow it to be so, if you suppose it to be carried the length to which I have traced it; because no power whatsoever in a statesman, can go so far as to preserve numbers at the expence of the whole riches of his people. But I can very easily suppose a case, where numbers may be supported at an eminent loss to a state which finds itself

self in the situation in which we have represented it in our supposition.

Suppose a prince, upon the failure of his foreign trade, to increase his army, in proportion as he finds his industrious hands laid idle by a deficiency of demand for their labour; and let him fill his magazines for their subsistence by foreign importation, leaving the produce of his country to feed the rest of his subjects. By such a plan, every body will remain employed, and also provided for, and such a prince may be looked upon as a most humane governor. This I willingly agree to. I should love such a prince; but the more I loved him, the more I should regret that his project must fail, from a physical impossibility of its being long supported; and when it comes to fail by the exhausting of his wealth, it will not be his regrets which will give bread to his soldiers, nor employment to his industrious subjects, who will no longer find an equivalent for their labour.

Let this suffice at present, upon the general principles which influence the stop necessary to be put to the importation of foreign commodities, and to the diminution of national wealth, in the case we have had before us.

Next as to the articles of exportation. The most profitable branches of exportation are those of work, the less profitable those of pure natural produce. When work cannot be exported in all its perfection, because of its high price, it is better to export it with a moderate degree of perfection, than not at all; and if even this cannot be done to advantage, then will a people be obliged to renounce working except for themselves: and then, if domestic consumption does not increase in proportion to the deficiency of foreign demand, a certain number of hands will be idle, and a certain quantity of natural produce will remain upon hand. The first must disappear in a short time; they will starve or desert; the last will become an article of exportation. Here then is a new species of trade which takes place upon the extinction of the other.

When a nation has been forced to reduce her exportations to articles of pure natural produce, in conformity to the principles we have been laying down, then the plan proposed in the title of this chapter is executed. She is then brought as low in point of trade as she can be, but at the same time, she may enjoy her natural advantages in spite of fortune; and in proportion to them, she may, with a good government and frugality, retain a balance of trade in her favour, which will constantly go on in augmenting her national wealth.

There is, therefore, a period at which foreign trade may stop in every article, but in natural produce. I do not know whether this period be at a great distance, when the state of trade is considered relatively to certain nations of Europe.

Were industry and frugality found to prevail equally in every part of the great political bodies, or were luxury and superfluous consumption, every where carried to the same height, trade might, without any hurt, be thrown entirely open. It would then cease to be an object of a statesman's care and concern. On the other hand, were all nations equally careful to check every branch of unprofitable commerce, a general stagnation of trade would soon be brought about. Manufactures would no more be the object of traffic; every nation would supply itself, and nothing would be either exported or imported but natural productions.

But as industry and idleness, luxury and frugality, are constantly changing their balance throughout the nations of Europe, able merchants make it their business to inform themselves of these fluctuations, and able statesmen profit of the discovery for the re-establishment of their own commerce; and when they find that this can no more be carried on with the manufactures or produce of their own country, they engage their merchants to become carriers for their neighbours, and by these means, form as it were a third and last entrenchment, which, while they can defend it, will not suffer their foreign trade to be

be quite extinguished ; because, by this last expedient, it may continue for some time to increase their national stock. It is in order to cut off even this resource, that some nations lay not only importations under restraint, but also the importers *. Let such precautions be carried to a certain length on all hands, and we shall see an end to the whole system of foreign trade, so much alarmod, that it appears to become more and more the object of the attention as well as of the imitation of all modern statesmen.

C H A P. XXV.

When a rich Nation finds her Foreign Trade reduced to the Articles of Natural Produce, what is the best plan to be followed ? and what are the Consequences of such a Change of Circumstances ?

THERE is now no more question of a trading nation ; this character is lost, the moment there is a stop put to the export of the labour and ingenuity of her people.

The first objects of her care should be to increase, by every possible means, the quantity of her natural produce ; to be as frugal as possible in the consumption of it, and to export the surplus to the best advantage.

If she finds her exportation of subsistence going forward, while some of her people remain in want, she may rest assured that industry is made to suffer by some internal vice ; and the most probable cause of such an effect will be found to be an unequal competition between those of the lower classes, who work for a

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* By the act of navigation in England.

physical-necessary. This must be removed, and the statesman should never rest, until he has set the balance of work and demand so far right, as to prevent at least *the scale of work* from preponderating; for this is the door by which misery gets in among the people.

The scale of demand predonderating, will not now be so hurtful, as this alteration of the balance will only raise prices, and accelerate circulation, and keep the other balance, to wit, that of wealth (of which we shall treat in the following chapter) in a constant vibration, without diminution of the publick stock.

Another object of a statesman's care in these supposed circumstances, is to suffer no work whatever, nor the natural produce of any other country conducive to luxury, to be imported; for although I have said, that superfluous consumption can do little harm when the interests of foreign trade do not enter into the question so as to prevent exportation, by raising prices at home; and though the importation of foreign produce, in exchange for like commodities of national growth, does no hurt to a state with respect to her wealth, yet if such importation be an article of mere superfluity, I think a statesman should prudently discourage it; because the search of superfluities is of itself a proof of a luxurious turn, and I should wish to see this turn improved so as to promote national purposes only, that is, to the augmentation and subsistence of useful inhabitants.

Let me illustrate this by an example. Foreign wines, I shall suppose, become alamode, as a part of the luxury of an elegant table. A statesman, by his example, may discourage this, and introduce many other articles of expence in entertainments sufficient to compensate it. The furniture of apartments may be rendered more magnificent, ornaments of the side board, decoration of deserts, new amusements immediately after dinner might be introduced, which would have an air of refinement and delicacy.

By such examples he might easily substitute one expence, which might become a national improvement,
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in the place of another where the luxury produces no such effect. And when prodigality and expence have neither the good effect of giving bread to the poor, nor of accelerating circulation at home in favour of the public, I can see no reason why a statesman should interest himself for their support; and much less, why a speculative person, who examines only the methods of making mankind happy by their mutual services to each other, should strain a subject, in order to find arguments proper to make either the apology or panegyric of the various schemes of dissipation.

I need not add, as a restriction of this principle of discouraging the importation of foreign commodities, (which become articles of a greater superfluous home-consumption) that when such a branch of trade becomes necessary to be carried on, in order to engage a neighbouring nation to consume of home-superfluities; in this case, the luxury of the consumers of the foreign produce, has an evident tendency to national improvement. If delicate wines, and raw silk, are imported as a return for salt herrings and raw hides, the support of such a trade is only the means of making the rich consume these articles of home-production, by converting them into burgundy and velvet.

These considerations regard the augmentation, or at least the preservation of national wealth. If they are attended to, it is hardly possible that any part of what is already acquired, can go abroad; and in this case the whole balance of the exportation of natural produce becomes clear gain.

There are still several things to be observed with regard to the exportation of natural produce. Such articles as are in great abundance, and are not produced in other countries, as wines in the southern countries of Europe, ought always to be exported by the inhabitants, because considerable profits must be made upon a trade where there is no rivalry; and on such occasions, a people ought to be wise enough to keep such profits for themselves.

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But if other nations will not receive them, unless they be imported by their own subjects, then the statesman may impose a duty upon exportation, which is one way of sharing the profits with the carriers. All the precaution necessary, in imposing this duty, is not to raise it so high as to diminish the demand; nor to give an encouragement to a neighbouring nation, to enter into competition for such a branch of trade.

Neighbouring states which furnish the same articles of natural produce, regulate, commonly, the duties upon exportation, in such a manner as nearly to compensate all differences which strangers may find, between trading with the one or with the other. Or they grant particular privileges in point of trade, to the nations with whom they find it most for their advantage to trade.

If the natural advantages upon such articles are less considerable, no duty can be imposed. Exportation may then be encouraged by granting still greater privileges to strangers or others, who may promote the exportation at little cost to the state.

If in the last place, the natural produce of a country be common to others, where it is perhaps equally plentiful, it will be difficult to procure the exportation of it; and yet it may happen, that too great an abundance of it at home, may occasion inconveniencies. In this case, the statesman must give a premium or bounty upon exportation, as the only method of getting rid of a superfluity, which may influence so much the whole mass of the commodity produced, as to sink the price of the industry of those employed in it, below the standard of their physical-necessary. By giving, therefore, this premium, he supports industry in that branch; he takes nothing from the national wealth; and the exportation which takes place in consequence of the bounty is all clear gain. This is an uncommon operation in trade, but it has so intimate a connection with the doctrine of taxes, and the proper application of public money, that I will postpone the further consideration of it until I come to that branch of my subject: and the rather,

rather, that this book is swelling beyond its due proportion.

I have little occasion to speak of importations, into a country which exports no manufactures. The ruling principle in such cases, is to suffer no importation but what tends to encourage the exportation of the surplus of natural produce, and which, at the same time, has no tendency to rival any branch of domestic industry. Thus it is much better for a northern country to pamper the taste of her rich inhabitants with wines and spices, than to discourage agriculture by the importation of rice and foreign grain; supposing the alternative quite optional, and the one as well as the other to be the returns of her own superfluity.

I come next to the consideration of her inland trade, and consumption of her own manufactures. Here there is no question of either an increase or diminution of her wealth, but only of making it circulate in the best manner to keep every body employed. Several considerations must here influence our statesman's conduct, and a due regard must be had to every one of them. I shall reduce them to three different heads, and pass them in review very cursorily, as we have already explained sufficiently the principles upon which they depend.

1mo. To regulate consumption and the progress of luxury, in proportion to the hands which are found to supply them.

2do. To regulate the multiplication of inhabitants according to the extent of the fertility of the soil. These two considerations must constantly go hand in hand.

In so far therefore, as the statesman finds his country still capable of improvement, in so far he may encourage a demand for work, and even countenance new branches of superfluous consumption; since the equivalent to be given for them must of necessity prove an encouragement to agriculture. But whenever the country becomes thoroughly cultivated and peopled to the full proportion of its own produce, a check must be put to multiplication, that is, to luxury, or misery and depopulation

depopulation will follow; unless indeed, we suppose that numbers are to be supported at the expence of national wealth, the fatal consequences of which we have already pointed out.

310. He should regulate the distribution of the classes of his people, according to the political situation of the country.

This is the most complicated case of all. It would be imprudent, for example, in a very small state situated on the continent, to distribute all its inhabitants into producers and consumers, as we have called them on several occasions; that is, into those who live upon a revenue already acquired, and those who are constantly employed in acquiring one by supplying the wants of the other. There must be a third class; to wit, those who are maintained and taken care of at the expence of the whole community, to serve as a defence. This set of men give no real equivalent for what they receive; that is to say, none which can circulate or pass from hand to hand; but still they are usefully employed as members of a society mutually tied together by the band of reciprocal dependence. Here is no vice implied; but at the same time, the statesman must attend to the consequences of such a distribution of classes.

The richer any state is, the more it has to fear from its neighbours: consequently, the greater proportion of the inhabitants must be maintained for its defence, at the expence of the industry of the other inhabitants. This must diminish the number of free hands employed in manufactures, and in supplying articles of consumption: consequently, it would be imprudent to encourage the progress of luxury, while public safety calls for a diminution of the hands which must supply it. If in such circumstances luxury do not suffer a check, demand will rise above the proper standard; living will become dearer daily, prices will rise, and they will prove an obstacle to the recovery of foreign trade; an object of which a prudent statesman will never lose sight for a moment.

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It is for these and other such considerations, that many small states are found to fortify their capital; to keep a body of soldiers in constant pay, bearing a great proportion to the number of the inhabitants; to form arsenals well stored with artillery, and to institute sumptuary laws and other regulations proper to check luxury. Nothing so wise in every respect! Their territory cannot be extended nor improved, nor can their inhabitants be augmented, but at the expence of their wealth; for such as gained their livelihood at the expence of strangers, are at present out of the question. Were their own citizens therefore permitted, out of the abundance of their wealth, to give bread to as many as their extravagance could maintain, the public stock would be constantly diminishing, in proportion to the foreign subsistence imported for these super-numeraries, fed at the expence of the luxurious; which would be just so much lost.

In other states which are extended, powerful by means of wealth, and strong by nature and situation, whose safety is connected with the general system of European politicks, which secures them against conquest; such as Spain, France, Great Britain, &c. the progress of luxury does little harm (as these territories are still capable of infinite improvements) provided it does not descend to the lower classes of the people.

It ought to be the particular care of a statesman to check its progress there, otherwise there will be small hopes of ever recovering foreign trade. Whereas, if the lower classes of a people continue frugal and industrious, from these very circumstances trade may open anew, and be recovered by degrees, in proportion as luxury comes to get footing in other nations, where the common people are less laborious and frugal:

Luxury, among those who live upon a revenue already got, and who, by their rank in the state, are not calculated for industry, has the good effect of affording bread to those who supply them; but there never can be any advantage in having luxury introduced

ced among the lower classes, because it is then only a means of rendering their subsistence more chargeable, and consequently more precarious.

Having thus briefly laid together the principal objects of a statesman's care, upon the cessation of the foreign trade of his people, I shall finish my chapter, by pointing out some general consequences which reason and experience shew to be naturally connected with such a revolution; not with regard to industry and inland trade, but as they influence the spirit, government, and manners of a people.

Nothing is more certain than that the spirit of a nation changes according to circumstances. While foreign trade flourishes, the minds of the monied people are turned to gain. Money, in such hands, is generally employed to procure more, not to purchase instruments of luxury; except for the consumption of those prodigal strangers who are thereby becoming daily poorer. It is this desire of becoming rich, which produces frugality. A man is always frugal while he is making a fortune; another very commonly becomes extravagant in the enjoyment of it; just so would it be with nations, were a wise statesman never to interpose.

When, by the cessation of foreign trade, the mercantile part of a nation find themselves cut off from the profits they used to draw from strangers; and on the other hand, perceive the barriers of the nation gradually shutting against every article of unprofitable correspondence, they begin to withdraw their stocks from trade, and seek to place them within the country. This money is often lent to landed men, hitherto living within bounds, for two most substantial reasons. First, because there was little money to be borrowed, from the high rate of interest, owing to the great profits on foreign trade; and because the national stock was then only forming. The second, because the taste of the times was frugality, But when once the money which was formerly employed in buying up loads of work for the foreign markets, falls into the hands of landed men, they begin

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to acquire a taste for luxury. This taste is improved and extended by an infinity of arts, which employ the hands formerly taken up in furnishing branches of exportation. Thus by degrees we see a rich, industrious, frugal, trading nation, transformed into a rich, ingenious, luxurious, and polite nation.

As the statesman formerly kept his attention fixed on the preservation of an equal balance between work and demand, and on every branch of commerce, in order to prevent the carrying off any part of the wealth already acquired; he must now direct his attention towards the effects of the domestic operations of that wealth. He was formerly interested in its accumulation; he must now guard against the consequences of this.

While the bulk of a nation's riches is in foreign trade, they do not circulate within the country; they circulate with strangers, against whom the balance is constantly found. In this case, the richest man in a state may appear among the poorest at home. In foreign countries you may hear of the wealth of a merchant, who is your next door neighbour at home, and who, from his way of living, you never knew to be worth a shilling. The circulation of money for home-consumption will then be very small; consequently, taxes must be very low; consequently, government will be poor.

So soon as all this load of money which formerly was continually going backwards and forwards, without almost penetrating, as one may say, into the country, is taken out of foreign trade, and thrown into domestic circulation, a new scene opens.

Every one now begins to appear rich. That wealth which formerly made the admiration of foreigners, now astonishes the proprietors themselves. The use of money, formerly, was to make more of it: the use of money now, is to give it in exchange for those or such like commodities, which were then consumed by strangers only.

It is this revolution in the spirit of a people, which renders the consideration of the balance of their wealth

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an object of the greatest political concern ; because the constant fluctuation of it ; among the several classes of inhabitants, is what lays the foundation of public opulence.

A government must always be respected, feared, and obeyed by the people governed ; consequently, it must be powerful, and its power must be of a nature analogous to that of the subjects. If you suppose a great authority vested in the grandees of a kingdom, in consequence of the number and dependence of their vassals, the crown must have still a more powerful vassalage at its command : if they are powerful by riches, the crown must be rich. Without preserving this just balance, no government can subsist. All power consists in men, or in money.

If therefore we suppose a vast quantity of wealth thrown into domestic circulation, the statesman must follow new maxims. He must promote the circulation of it so as to fill up the blank of foreign consumption, and preserve all the industrious who have enriched him. The quicker the circulation is found to be, the better opportunity will the industrious have of becoming rich speedily ; and the idle and extravagant will become the more quickly poor. Another consequence equally certain, is, that the quicker the circulation, the sooner will wealth become equally divided ; and the more equality there is found in wealth, the more equality will be found in power. From these principles it will follow, that upon such a revolution of national circumstances, a popular government may very probably take place, if the statesman do not take proper care to prevent it.

This is done by the imposition of taxes, and these are differently laid on, according to the spirit of the government.

By taxes a statesman is enriched, and by means of his wealth, he is enabled to keep his subjects in awe, and to preserve his dignity and consideration.

By the distribution of taxes, and manner of levying them, the power is thrown into such hands as the spirit

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rit of the constitutions requires it should be found in. Are they imposed in a monarchy where every man is taught to tremble at the King's name, the great men will be made rich by his bounty, and the lower classes will be loaded and kept poor; that they may, on easier terms, be engaged to fill those armies which the Prince entertains to support his authority at home, and his influence abroad.

Here independent people will always be looked upon with an evil eye, and considered as rivals to the Prince, who ought to be the only independent person in the state.

In limited governments, where the sovereign has not the sole power of taxation, they will be laid on more equally and less arbitrarily; providing the theory of them in general be well understood. Here every man must know *what* he is to pay, and *when*; and the amount of the tax must bear a proportion, on one hand, to the exigencies of the state; and on the other, to the quantity of circulation which takes place upon the payment of it: that is, a man must not be made to pay all the state can demand of him for a year, upon his making a trifling though most essential acquisition of a necessary article of subsistence.

I think I have observed one remarkable difference in the point of view in levying taxes in countries where these two forms of government are established.

Under the pure monarchy, the Prince seems jealous, as it were, of growing wealth, and therefore imposes taxes upon people who are growing richer. Under the limited government they are calculated chiefly to affect those who are growing poorer.

Thus the monarch imposes a tax upon industry; where every one is rated in proportion to the gain *he is supposed* to make by his profession. The poll-tax and *taille*, are likewise proportioned to the *supposed* opulence of every one liable to them. These, with others of the same nature are calculated (as it is alleged to establish an equality in the load supported by the subjects; by making the industrious, and money gatherers, contribute in proportion to their gains,

although the capital stock from which these profits arise be concealed from the eyes of the public.

In limited governments, impositions are more generally laid upon consumption. They encourage industry, and leave the full profits of it to make up a stock for the industrious person. When the stock is made, that is, when it ceases to grow, it commonly begins to decrease: the number of prudent people, who live precisely upon their income, is very small. It is therefore upon the dissipation of wealth, in the hands of private people, that the state is enriched. Thus the career towards poverty is only a little abridged: he who is in the way of spending his estate will get at the end of it, if his life be spared; and therefore there is no harm done to him, and much good done to the state, in making a part of his wealth circulate through the public coffers.

The only precaution necessary to be taken in taxing consumption, is, to render the impositions equal, and to prevent their affecting what is purely necessary; or operating an unequal competition between people of the same denomination. Such impositions have still a worse effect, than those which fall upon growing wealth: they prevent the poor from being able to subsist themselves. A fellow-feeling excites compassion among those of the lower classes; they endeavour to assist each other, and by this operation, like a pack of cards, set up by children upon a table, the first that is thrown down tumbles down another, until all are laid flat; that is, misery invades the lower classes: more than one half of a people.

From these principles (which I have been obliged to anticipate) we may gather the necessity of taxes, in states where foreign trade begins to decay. Without them, there is no security for a government against the power of domestic wealth. Formerly, Princes lived upon their domain, or patrimonial estate. What domain would be sufficient, at present, to support the expence of government? And if a government is not able to hold the reins of every principle of action within the state, it is no government, but an idol, that is,

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an object of a voluntary respect. The statesman, therefore, must hold the reins; and not commit the management of the horses to the discretion of those whom he is employed to conduct.

Another consequence of taxes, is, that the more luxury prevails, the more the state becomes rich: if luxury, therefore, breeds licentiousness, it at the same time provides a curb against its bad effects.

This augmentation of wealth produces a double advantage to the statesman: for besides the increase of the public revenue, the progress of luxury changing the balance of wealth constantly, by removing it from the rich and extravagant, to the poor and laborious, renders those who were formerly rich, and consequently powerful, dependent upon him for their support. By the acquisition of such persons, he gains additional credit, and supports his authority. Thus wealth and power circulate, and go hand in hand.

It may be asked, how these principles can be reconciled with the vigour and strength commonly found in the government of flourishing trading nations; for in such we must suppose few taxes; consequently, a poor and therefore a weak government; and a rich, consequently, a powerful people?

I answer, that under such circumstances, a people are commonly taken up with their trade, and are therefore peaceable; and as their wealth does not appear, being constantly in circulation with strangers, the influence of it is not felt at home. While wealth is employed in pursuit of further gains, it cannot give power; consequently, as to all political effects at home, it is as if it did not exist; and therefore there is no occasion for the state to be possessed of a wealth they have no occasion to employ. If such a nation be attacked by her enemies, she becomes wealthy in an instant, every one contributes to ward off the common danger: but if, on the contrary, her tranquillity is disturbed at home, the rebellion generally proves successful; which is a confirmation of the principles laid down. I might illustrate this by many historical remarks. I shall only suggest to my reader, to examine the nature of the

Dutch revolutions, and to compare the success of rebellions in France and England, during the last century, with others of a fresher date. Here the reader may consult the learned Mr. Hume's observation upon the commencement of the civil war. *History of Great Britain*, Vol. I. p. 325.

When, therefore, foreign trade has ceased for some time, and luxury has filled up the void, a considerable part of a national wealth begins to circulate through the public treasury. It is natural then for great men to resort to court, in order to partake of the profits of government? and for the statesman to be fond of attaching such people to his interest, in order to be a constant check upon the turbulent spirit, which new gotten wealth may excite in the minds of one set of people, and desperate fortunes in those of others.

While there was little circulation of money in Europe, and few taxes, there was small profit to be made in following of Kings. These were more formidable to their enemies, than profitable to their friends. The great men of the state lived upon their lands, and their grandeur resembled that of the Prince; it consisted in the number and dependence of their vassals; who got as little by their Lord, as he did by the King. The poor in those days were plundered of the little money they had, by the great; now the great are stripped of the largest sums, by the numbers of poor, who demand from them on all hands, the just equivalent of their industry.

When Princes find their great men all about them, all asking, and all depending for different marks of their favour, they may perceive the great change of their situation, produced by luxury, and a swift circulation. This revolution has not been sudden, it has been the work of several centuries; and I think we may distinguish three different stages during this period.

The first during the grandeur of the feudal government: then the great Barons were to be consulted, and engaged to concur in the King's wars, because it was they who paid the expence, and suffered the greatest loss. These are called by some the days of liberty; because

because the states of every country in Europe, almost, were then in all their glory: they are called so with great reason, when we consider the condition of the great only.

In those days there were seldom any troubles or disturbances in the state, seldom any civil wars levied against the King, but such as were supported by the grandees; who, either jealous of their own just rights, or ambitious of acquiring others at the expence of the crown, used to compel their vassals, or engage them by the constitutional influence they had over them, to disturb the public tranquillity.

The second stage, I think, may be said to have begun with the times of industry, and the springing up of trade. Such Princes, whose subjects began to enrich themselves at the expence of other nations, found, on one side, the means of limiting the power of the great lords, in favour of the extension of public liberty. The lords, on the other side, when they wanted to disturb the public tranquillity, did not, as formerly, vindicate their own privileges, so much as they combined with the people, and moved them to revolt, on popular considerations.

This may be called the period of confusion, out of which has arisen certain determined forms of government; some drawing nearer to the monarchical, others nearer to the popular form, according as the power of Princes has been more or less able to support itself, during the shock of the revolution, and the overturn of the balance between public and private opulence.

The third and last stage, of which I shall speak at present, may be fixed at that period when the proportion of the public revenue became adequate to the mass of national wealth; when general laws were made to govern, and not the arbitrary power of the great. The grandees now, from being a bridle on royal authority, are often found dependent upon it for their support. The extraordinary flux of money into the treasury, enables Princes to keep splendid courts, where every kind of pleasure and amusement is to be

had. This draws together the rich men of the state. The example of the sovereign prompts these to an imitation of his expence, this imitation increases consumption, which in its turn augments the King's income, as it diminishes that of every other person.

When the great men of a kingdom have exhausted their estates in paying a regular court to the Prince, they employ the credit they have acquired with him during the time of their dissipation, to obtain marks of his favour, in order to support them in their decline. By these they are enabled to live in as much state as before. They find no difference in their situation; unless perhaps they should accidentally reflect, that the fund which produced their former opulence, was in their own possession; whereas that of their present wealth is in the hands of their master.

To compensate this difference, they are made to acquire, by the favour of the court, advantages which they never could have enjoyed from the largest independent fortune.

The luxurious system of living, every where introduced, draws the wealthy together, either in the capital or in other great cities of the kingdom; where every one compares the expence and figure he makes, with that of others who are about him. A person honoured with the King's favour, of the same quality with another, acquires, by this circumstance, a great superiority. He commands, I shall suppose, in a place; he is the person to whom people must apply, in order to obtain favours, perhaps justice; he is adorned with a title, or outward mark of distinction, which procure him respect and consideration; and, which is still more, he is on the road to a further elevation. It requires a great stock both of philosophy and good sense, not to be dazzled with these advantages. Independency, compared with them, is but a negative happiness. To be truly, happy, we must have power, and have other people to depend on us.

C H A P. XXVI.

Of the Vibration of the Balance of Wealth between the Subjects of a modern State.

WE have frequently mentioned this balance, as an object of great importance to a statesman who is at the head of a luxurious nation; which having lost its foreign trade, has substituted, in the place of it, an extensive inland commerce. This will supply the loss of the former, so far, as equally to provide employment, and, consequently, subsistence, to every one inclined to be industrious; although it must prove quite ineffectual for augmenting the national wealth already acquired.

I shall first explain what I mean by the balance of wealth vibrating between the members of a society, and from that will be seen why I rank this also among the political balances of a modern state.

It has been observed in the beginning of the nineteenth chapter, that the great characteristic of what we call liberty, is the circulation of an adequate equivalent for every service.

By wealth, I understand this circulating adequate equivalent.

The desires of the rich, and the means of gratifying them, make them call for the services of the poor; the necessities of the poor, and their desire of becoming rich, make them cheerfully answer the summons; they submit to the hardest labour, and comply with the inclinations of the wealthy, for the sake of an equivalent in money.

This permutation between the two classes, is what we call circulation; and the effects produced by it, upon the political situation of the parties at the precise time of the circulation, and the consequences after it is completely effected, explains what is called the balance of wealth.

To render our ideas more correct, let us consider the money on one side, and the prestations, as the civilians call them, or performances of any kind, on the other, as *reciprocal* equivalents for one another; and then let us examine the nature of those prestations which tend to put these equivalents into circulation; that is to say, what are the things which money can purchase.

These we may divide, with the lawyers, into corporeal and incorporeal. The corporeal may again be divided into consumable and inconsumable; and the incorporeal into personal service, and what the lawyers call *jura*, rights in or to any thing whatever. I cannot fully explain myself without the help of this distribution.

Let us next consider the effects of the circulation of money, as it has for its object, the acquisition of the four several species here laid down.

1. Of inconsumable things. 2. Of things consumable. 3. Of personal service. 4. Of rights acquired in or to any thing whatever.

1. The only thing inconsumable is the surface of the earth. This must not be taken in a philosophical, and far less in a chemical sense. A thing is consumed, so far as it concerns our inquiry, the moment it becomes useless, or even when it is lost.

The surface of the earth, therefore, is the only thing inconsumable; because, generally speaking, it never can cease to be useful, and never can be lost; it may be changed, but the earth must always have a surface. What is said of the surface, may be understood likewise of that small part of its body accessible to man, for supplying him with what he finds useful there, as the produce of mines.

Next to the earth itself, nothing is less consumable than her metals, consequently coin may very properly be classed under the head of things inconsumable; although it may be lost, and even worn out in circulation.

Let us now consider the effects of circulation, in the purchase of land. (A,) I shall suppose, has a piece of land,

land, and (B) has one thousand pounds weight of gold coin, which the laws of society have constituted to be an adequate circulating equivalent for every thing vendible. They agree to make an exchange. Before the exchange the balance of their wealth is equal; the coin is worth the land, the land is worth the coin; the exchange makes no alteration, nor has it the effect of making any afterwards; the new landlord may apply himself to the improvement of the soil, the monied man to the turning of his thousand weight of gold coin to the best advantage; consequently, by this transaction, no vibration of the balance seems to be affected.

If coin itself be the object of sale, the consequences are much the same. (A) has a guinea, (B) has twenty one shillings, the exchange they make produces no alteration in their circumstances. The same holds good in other species of circulation, such as the transmission of money by inheritance. (A) dies and leaves his money to (B); here the possessor of the money only changes his name, perhaps his inclinations, and that is all. In like manner a person pays his debts, and withdraws his bond, or other security; no balance is affected by this circulation, matters stand between the parties just as before.

The nature, therefore, of circulation, when one inconsumable commodity is given for another, is, that it operates no vibration in the balance of wealth between the parties; because, in order to produce this, one must remain richer than he was before, and the other proportionally poorer.

II. Under the second head of alienation, to wit, that of consumable commodities, is comprehended every thing corporeal, except money, and land, which money may purchase. In these, two things deserve attention. First, the simple substance, or the production of nature; the other, the modification, or the work of man. The first I shall call the *intrinsic worth*, the other, the *useful value*. The value of the first, must always be estimated according to its usefulness after the modification it has received is entirely destroyed,

stroyed, and when by the nature of the thing both must be consumed together, then the total value is the sum of both. The value of the second must be estimated according to the labour it has cost to produce it. An example will make this plain.

The intrinsic worth of any silk, woollen, or linen manufacture, is less than the primitive value employed, because it is rendered almost unserviceable for any other use but that for which the manufacture is intended. But the intrinsic substance of a loaf of bread loses nothing by the modification, because the last cannot be consumed without the first. In a piece of silver plate curiously wrought, the intrinsic worth subsists entire, and independent of the useful value, because it loses nothing by the modification. The intrinsic value, therefore, is constantly something real in itself: the labour employed in the modification represents a portion of a man's time, which having been usefully employed, has given a form to some substance which has rendered it useful, ornamental, or in short, fit for man, mediately or immediately.

Let us now apply these distinctions to the different circumstances which attend consumption, in order to perceive their effects.

The consumption of the intrinsic value of any commodity, takes place the moment the matter employed begins to diminish, and is compleated so soon as it is consumed totally. The consumption of the useful value proceeds in like manner, in proportion as the use it is put to makes the value of it diminish, or disappear altogether.

Let us next take an example, and examine the effects of circulation in the purchase of things consumable, as to the vibration of the balance of wealth. (A) has a piece of coin, (B) has something which his labour has produced; they make an exchange. (A) hitherto has neither gained or lost, neither has (B); but (A) begins to make use of what he had purchased with his coin, and in using it a part disappears; that moment the balance begins to turn against him. (B) on the other hand,

hand, exchanges his piece of coin with another, whom we shall call (C), and gets in return a piece of wood; if (B) puts this piece of wood into the fire, in proportion as the wood consumes, the balance is returning to its level between (A) and (B), and is changing in favour of (C). If (B), instead of burning his wood, makes a beam of it for supporting his house, the balance will turn more slowly, because the wood is then longer in consuming: but if he makes some useful piece of furniture of one part of his wood, he may warm himself with the remaining part of it, and with the coin he gets for his work, may buy a beam for his house, and even food to eat. If (B) stops at this period, and works no more, he will find himself just upon a level with (A); so soon as his fire is burnt out, his beam rotten, and his food consumed, and the whole balance will be found in favour of (C), providing that by his industry he has been able to procure for himself all necessaries, and preserve the piece of coin entire. Here then is the spur to industry; to wit, the acquisition of this balance, which gives a relative superiority even among those of the lowest classes, and determines their rank as well as their political-necessary, according to the principles laid down in the twenty-first chapter.

The essential characteristic of this vibration of the balance of wealth, is the change in the relative proportion of riches between individuals. But it must be observed, that under this second species we are to consider the change of proportion no further than as it is produced by the circulation of a free adequate equivalent, of such a nature as to be transferable to another hand without any diminution. The consumption, therefore, is the only thing which makes the balance turn. While the consumable commodity remains entire in the hands of the purchaser, he still remains possessor of the value, and may, by inverting the operation, return to the possession of the same species of wealth he had before.

Here it may be asked, if money be absolutely necessary for producing a vibration of this balance by the means

means of consumption. We may easily conceive the greatest inequality between the numbers of a state, without supposing the existence of money. We may suppose the property of lands unequally divided, and a great surplus of subsistence found in the hands of one individual, which may by him be given in exchange for the produce of industry. Under such circumstances then it may be asked, if without money there can be no such thing as a vibration in the balance of wealth; supposing in this case, the term *wealth* to imply, in general, the means of purchasing whatever man can perform or produce.

I answer, that no doubt the balance may be susceptible of small vibrations, because even in the exchange of consumable commodities, the consumption may go on faster on one side than on the other; but I think, unless the inconsumable fund of wealth (which is what gives the superiority, and which in the example alledged, we supposed to be coin) can be made to change hands according to the adequate proportion of the consumption made, we cannot say properly, that a vibration can be operated in any considerable degree.

Let us suppose (A) to be a proprietor of a bit of land, and (B) an industrious workman; in order that (B) may purchase the land of (A,) it must be supposed that (A) is very extravagant, and that he inclines to consume a much greater proportion of work than what is equivalent to all the surplus-produce of his land. Now in order to supply (A) to the value of the land itself, (B) must distribute his work to many different persons, and take in exchange, not such things as he has use for himself, but such as may be found useful to (A). But so soon as (A) has paid to (B) the whole surplus of his land, what fund of credit will he find in order to engage (B) to furnish more? He cannot pay him in land, because this fund is not susceptible of circulation; and every expedient that could be fallen upon to keep accounts clear between them, is neither more or less than the introduction of *money*, either *real* or *symbolical*. These terms must be explained.

By

By real money, is meant what we call coin, or a modification of the precious metals, which by general agreement among men, and under the authority of a state, carries along with it its own intrinsic value.

By symbolical money, I understand what is commonly called credit, or an expedient for keeping accounts of debt and credit between parties, expressed in those denominations of money which are realized in the coin. Bank notes, credit in bank, bills, bonds, and merchants books (where credit is given and taken) are some of the many species of credit included under the term *symbolical money*.

In the example before us, we may suppose that (A) having no more circulating equivalent to give (B) for his work, and being desirous to consume of it to the value of his land, shall agree to issue notes of hand, every one of which shall carry in it a right to an acre of land, to a fruit tree, to ten yards of the course of a river, &c. and that every such parcel of property, shall be esteemed at a certain proportion of work. This agreement made, he goes on with his consumption, and pays regularly, and adequately, the value of what he receives; and in proportion as consumption proceeds on the side of (A), the balance of wealth must turn in favour of (B); whereas while (A) kept his bit of land, and (B) his faculty of working up an equivalent for the surplus of it, the balance stood even; because the land on one hand, and the industry on the other, produced adequate equivalents for each other. The produce of both was consumable, and supposed to be consumed; which operation being over, the land and the industry remained as before, ready to produce anew. Here then is the effect of credit or symbolical money; and here I ask, whether or not the notes of hand given by (A) to (B), do not contain as real a value, as if he had given gold or silver? and further, whether or not it appears, that the country where they live becomes any richer by this invention? does this note any more than declare who is proprietor of the value contained?

Nothing

Nothing is so easy as to invent a money which may make land circulate as well as houses, and every other thing which is of a nature to preserve the same value during the time of circulation. Whatever has a value, may change hands for an equivalent, and whenever this value is determined, and cannot vary, it may be made to circulate; and in the circulation to produce a vibration in the balance of wealth, as well as a pound of gold or silver made into coin.

Those nations, therefore, who only circulate their metals, confine industry to the proportion of the mass of them. Those who would circulate their lands, their houses, their manufactures, nay their personal service, even their hours, might produce an encouragement for industry far beyond what could be done by metals only. And this may be done, when the progress of industry demands a circulation beyond their power.

The anticipation of the subject of the following book, is here thrown in, only to enable my reader to form to himself an idea of the extent of the subject we are at present upon, and to help him to judge to what length luxury, that is consumption may be carried. Since, by what we have said, it appears that there is no impossibility for a people to throw the whole intrinsic value of their country into circulation. All may be cut into paper, as it were, or stamped upon copper, tin, or iron, and made to pass current as an adequate equivalent for the produce of industry; and as there is no bounds to be set to consumption and prodigality, it might be possible, by such an invention, in the compass of a year, to circulate an equivalent in consumable commodities produced by industry, for the whole property of the most extended and most wealthy kingdom. That this is no chimerical supposition, appears plain by the activity of many modern geniuses, who, in an inconsiderable space of time, find means to get through the greatest fortunes; that is to say, in our language, they throw them into circulation by the means of the symbolical money of bonds, mortgages, and accounts. But
does

does this species of circulation increase the riches of a state? Surely no more than it would increase the riches of France or England, to carry all the plate in the two kingdoms to be coined at the mint. The use of symbolical money is no more than to enable those who have effects, which by their nature cannot circulate (and which, by the bye, are the principle cause of inequality) to give an adequate circulating equivalent for the services they demand, to the full extent of all their worth. In other words, it is a method of melting down, as it were, the very causes of inequality, and of rendering fortunes equal.

The patrons therefore of Agrarian laws and of universal equality, instead of crying down luxury and superfluous consumption, ought rather to be contriving methods for rendering them more universal. If they blame what is called perpetual substitutions of property or entails (made by parents in favour of their posterity as yet unborn) because they are in some respects prejudicial to industry; they should not, I think, find fault with that charming leveller *dissipation*, that nurse of industry, and the only thing intended to be prevented by such dispositions.

Some have persuaded themselves, that an equality of fortune would banish luxury and superfluous consumption. Among the rest, is M. de Montesquieu, an author for whom I have the highest esteem, and who has, in this respect, been copied by many others. But I never found his idea set in a clear light. Equality of fortune would certainly change the nature of luxury, it would diminish the consumption of some, and would augment the consumption of others; but without making people idle, it could never destroy industry itself, and while this subsists in an equal degree, there must be the same quantity of what it produces regularly consumed. Further, this proposition never can be advanced, but on the supposition that the luxurious person, that is the consumer, must be richer than he who supplies him. This I cannot by any means admit to be true. Must the carter who drinks a pot of beer be
richer

richer than the alehouseman? Must a country girl who buys a bit of ribband, be richer than the haberdasher who sells it? Must the beau be richer than his taylor? the traveller than the banker who gives him his money? the client than the lawyer? the sick than the physician?

How then does it appear that equality must prevent luxury, unless we suppose every one confined to an absolute physical necessary, and either deprived of the faculty of contriving, or of the power of acquiring any thing beyond it. This principle Lycurgus alone laid down for the basis of his republic; and yet riches were known in Sparta as well as poverty.

Absolute equality, *de facto*, is an absurd supposition, if applied to human society. Must not frugality amass, and prodigality dissipate? These opposite dispositions, are of themselves sufficient to destroy at once, the best regulations for supporting equality, and when carried to a certain length, must substitute in its place as great an inequality as the quantity of circulation is capable to produce. Whatever circulates, may stagnate. Why was there so great equality at Sparta? because there was little circulation. Why are the Capuchins in a state of perfect equality? because among them there is no circulation at all.

If therefore such variations in the balance of wealth depend on the difference of *genius* among men, what scheme can be laid down for preserving equality, better than that of an unlimited industry equivalent to an universal circulation of all property, whereby dissipation may correct the effects of hoarding, and hoarding again those of dissipation? This is the most effectual remedy both against poverty and overgrown riches; because the rich and the poor are thereby perpetually made to change conditions. In these alterations in their respective situations, the parties who are changing by degrees, must surely in their progress towards a total alteration, become, at one time or other, upon a level, that is, to an equality; as the buckets in a well meet, before they can pass one another.

3tio. The

3^{to}. The first speices of things incorporeal, which may be purchased with money is personal service; such as the attendance of a menial servant, the advice of a physician, of a lawyer, the assistance of skilful people in order to acquire knowledge, the service of those employed in the administration of public affairs at home and abroad, or for the defence of a kingdom by sea, or land; the residence of great men at court, who do honour to princes, and make their authority respected; and even when money is given to procure amusement, pleasure, or dissipation, when no durable and transferable value is given in return.

There is a kind of resemblance between the species here enumerated, and what we called the *useful value* in consumable commodities. In the one and the other, there is an equivalent given for a man's time usefully employed; but the difference between them lies in this: that the *useful value* being supported, or having for a substratum, as the schoolmen call it, the intrinsic substance, is thereby rendered permanent and vendible; whereas here, for want of a permanent and transferable substance, the personal services though producing advantages which are sufficiently felt, cannot however be transferred for the adequate price they cost.

The circulation produced by this third species of acquisition, operates an instantaneous vibration of the balance. The moment the personal service is performed, it may be said to be consumed; and although the purchaser has received a just equivalent for the money given, and in some cases may even be thereby put in a situation to indemnify himself of all his expence, by performing the like services to others, yet every body must perceive that such services cannot properly be considered as a circulation of the former.

4^{to}. The acquisition of the other species of things incorporeal, that is, rights, produces little more balance, when an adequate circulating equivalent is given for them, than the sale of land; because a right implies no more than a power to use, that is, to consume;

and by the use, the right is not diminished : it is balanced by the use of the money ; the money therefore and the right being both permanent, there is no vibration in the scales. Of this species are all servitudes ; the purchasing of privileges or immunities, even the lending of money at interest, may here not improperly be classed.

Here it will, perhaps, be alledged, that an example be given, where the creation of such a right, though purchased with an adequate circulating equivalent, produces the greatest vibration in the balance of wealth possible. It is when a state contracts debts, and when the public creditors acquire a right to general impositions on the people for the payment of their interest.

This objection requires a little explanation, and I have proposed it chiefly for the sake of introducing an illustration of my subject.

If it be said, that in this example a vibration in the balance of wealth *within the state* is implied, then I say that it must take place either 1st. between the creditors and the state, or 2d. between the state and the people, or 3d. between the creditors and the people. But,

1^{mo}. The creditors acquire no balance against the state, because they have given one inconsumable commodity for another ; to wit, money for an annual income. The money is worth the income, the income is worth the money. If therefore any change in the balance comes afterwards to take place, it must be in consequence of other operations quite independent of this transaction. But let us suppose, which is but too frequently the case, that here money must be considered as a consumable commodity, because it is only borrowed to be spent. In this light does not the creditor seem to acquire a balance in his favour against the state, so soon as the money is actually spent. I answer in the negative : because a state by expending the money borrowed, remains with respect to the creditors just as wealthy as before. It is the people who pay the interest, for which the state gives them in return no adequate *transferable* equivalent.

2^{do}. Here

2do. Here it is urged, that this being the case, the state has acquired a balance against the people according to the principles above laid down, where it was said, that upon occasions, where money is given for personal service, and where nothing transferable is given in return, the balance turns instantaneously in favour of him who received the money.

To this I answer, that as to the interest paid by the people, the state does not receive it for herself, but for the creditors. The personal services are then supposed to be already paid for, and the vibration has taken place before the interest becomes due. Therefore the balance does not turn between the state and the people.

In levying of taxes which are destined to pay the interest of money already spent, the public gives no adequate equivalent on one hand; and on the other, it is not enriched with respect to the people, any more than it was impoverished with respect to the creditors, by spending the money borrowed; and since there is no reciprocal change in the situation of the two parties, I do not see how we can infer any vibration in the balance of wealth between them. We shall presently see between whom the balance is made to vibrate.

3tio. The balance between the creditors and the people is what at first sight appears to be principally affected; because the first receive a constant retribution from the latter, in consequence of the loan. But neither is any true vibration found here, either adequate to the loan, or to the money spent. *1mo.* Because the creditors themselves are part of the people who contribute towards all impositions on consumptions, which are commonly the most regular, the most permanent, and the most familiarly appropriated for the payment of the interest. *2do.* Because the money spent by the state, if spent at home, returns to other hands indeed, but still returns to the people, of whom we are here speaking. And *3tio.* because there is no transaction at all between the creditors and the people.

Objection. By this way of reasoning it would appear, that the exhausting a people by taxes, makes no vibration in the balance of their wealth.

Answer. If the people be exhausted, it must be by enriching strangers. This case should at present be excluded, as we have laid aside the consideration of foreign relations. But allowing this circumstance also to be implied in the objections made, I agree that every penny of money sent out of a country, for no real and permanent equivalent received in return, operates a vibration in the wealth between nation and nation ; but none between subject and subject. To this it is answered, that when taxes are high, many people are ruined while others are enriched. This operates a vibration. I allow it ; but then I reply, that by the very supposition in every such case, the money must remain at home ; whereas in the former, it was supposed to be expended abroad. Now we are not at present examining the effects of debts and taxes, in changing the balance between man and man, but only between the three cumulative interests above specified, the state, the people, and the creditors.

Let me now ask, what is the effect of taxes on the vibration of the balance of wealth between individuals ?

I answer, that whoever pays a tax, appears to pay for a personal service. He receives no corporeal equivalent which can be alienated by him for the same value ; and he who is employed by the state, and is paid with the produce of taxes, acquires a balance in his favour against those who pay them. When the amount of taxes goes abroad for foreign services, there can be no alteration upon the balance at home, as has been said ; neither is there any when it remains at home : the people and the creditors are as rich as before. Let this suffice at present, as to the effects of debts and taxes upon the balance of national wealth.

Industry is the only method of making wealth circulate, so as to change its balance between the parties ;
all

all kinds of circulation which operate no such change, are foreign to the present purpose.

A man dies and leaves his wealth to another, no body loses by this, but he who is no more; a second pays his debts, neither debtor, or creditor can be said to change circumstances by the operation. A merchant buys a quantity of merchandize for ready money, he thereby loses no balance of his wealth; it is true, he has given money for consumable effects; but the balance does not operate until the consumption takes place, and as he is not supposed to buy in order to consume, I rank this branch of circulation among those which do not influence the balance.

Thus we find two different kinds of circulation in a state; one which makes the balance turn, and one which does not. These objects are of no small consequence to be attended to in the right imposition of taxes, as shall, in its proper place, be more fully explained. At present it is sufficient to observe, that the proper time of laying on taxes is at the time of circulation: because the imposition may then be always exactly proportioned to the sum circulating; consequently, to the faculties of the persons severally interested.

In all excises, or taxes upon consumption, it is the money of the consumer which is taxed, in the instant of the payment; so that he against whom the balance is to turn, has the additional load to pay. This species of tax, imposed at the time of circulation, is what produces the largest sums to a state. I never heard of a proper expedient for taxing the person in whose favour the balance is to turn, though from the principles which are afterwards to be laid down, we may perhaps discover one.

As for the other species of circulation, where the balance does not turn, it is not so much the custom to impose very considerable taxes upon it: there are however several examples to be met with, which point out how they may be imposed. The casualties paid upon the change of vassals, or upon the fall of lives, in leases

upon lands in England; the confirmation of testaments in Scotland; investitures in Germany; the *centieme denier*, the *lods et ventes*, and the *control* upon the acts of notaries in France; the emoluments of the *Rota* in Spain, and in many Roman Catholic countries, are of this species. Upon the same principle, taxes more or less considerable might be laid upon every branch of this kind of circulation; for which purpose it would be highly necessary to find out all the ramifications of it, by analysing it to the bottom, as we have hitherto run through it very superficially.

C H A P. XXVII.

Circulation and the Balance of Wealth, objects worthy of the attention of a modern Statesman.

HAVING explained the nature of circulation, and of this balance, we are next to point out the objects of a statesman's attention concerning them.

I. *He ought to form to himself a clear and distinct idea of the nature, properties, and effects of circulation; a word frequently made use of without much meaning, and in a vague and undetermined sense.*

The term *circulation* is, perhaps, one of the most expressive in any language, and is therefore easily understood. It represents the successive transition of money, or transferable commodities, from hand to hand, and their return, as it were in a circle, to the point from which they set out. This is the rough idea which every one, who understands the word at all, must form of its meaning. But a statesman's perceptions must be more accurate, as well as more complex.

He must combine the consequences which result from this successive transition, and attend to the effects produced by it. He must not only consider the money,

ney, which is a permanent value, passing from hand to hand, but weigh the consequences of the variety of consumption which it draws along with it in its progress.

Before a guinea can travel from London to York, it may be the means of consuming a thousand times its value, and as much more, before it can return to London again. Every step the guinea makes in its course, marks a want of desire to consume, in him who possesses it. If, therefore, in any country, there were but one guinea in circulation, all consumption would stop (or barter would take place) the moment it fell into the hands of a miser. This leads us to the second object of a statesman's attention.

II. *He ought all times to maintain a just proportion between the produce of industry, and the quantity of circulating equivalent, in the hands of his subjects, for the purchase of it; that by a steady and judicious administration, he may have it in his power at all times, either to check prodigality and burisful luxury, or to extend industry and domestic consumption, according as the circumstances of his people shall require the one or the other corrective, to be applied to the natural bent and spirit of the times.*

For this purpose, he must examine the situation of his country, relatively to three objects, viz. the propensity of the rich to consume; the disposition of the poor to be industrious; and the proportion of circulating money, with respect to the one and the other.

If the quantity of money in circulation is below the proportion of the two first, industry will never be able to exert itself; because the equivalent in the hands of the consumers, is then below the proportion of their desires to consume, and of those of the industrious to produce. Let me illustrate this by a familiar example taken from a party at quadrille.

When, on dealing the cards, every one puts in a fish into the stake, according to the old English fashion, a very few are sufficient for the circulation of the game: but when you play the aces, the consolation and the multiplication of beasts according to the French custom,

tom, you must have a box with contracts, fishes, and counters; so reducing all to the lowest denomination, every player has occasion for above five hundred marks. It is therefore plain, that the number of marks must be in proportion to the circulation of the game. But at play, as in a state, circumstances render this circulation very irregular. Fortune may run so equally among the players, during a considerable time, that none of them may have occasion to pay away above the value of a hundred counters, and while this equality continues, there is not found the smallest interruption in the circulation. But let one of the players have a run of luck, you will soon see three of the boxes empty, and all the circulating marks heaped up before the winner. Fortune at quadrille, forms stagnations of the circulating equivalent, as industry and frugality form them in a state. At this period of the game, must not the players stop, or must they not fall upon a way of drawing back their marks into circulation? If they borrow back from the winner, this represents loan. If they buy back their marks with money from their purses, it represents what I call throwing solid property into circulation.

From this familiar example, we may judge how necessary it is that the circulating fund be constantly kept up to the proportion of the occasions for it. It is impossible to determine the proportion of coin necessary for carrying on the circulation of a country, especially of one where neither loan, or paper credit, that is the melting down of solid property, are familiarly known. Here is the reason: the solution of the question does not depend upon the quantity of coin alone, but also upon the disposition of those who are the possessors of it; and as these are constantly changing, the question thereby becomes insoluble.

It is, therefore, the business of a statesman, who intends to promote circulation, to be upon his guard against every cause of stagnation; and when he has it not in his power to remove these political obstructions, as I may call them, by drawing the coin of the country

country out of its repositories; he ought (in proportion as the other political interests of his people are found to require it) to facilitate the introduction of symbolical money to supply its place.

A great political genius is better discovered by the extent of his perceptions, than by the minute exactness of them in every part of the detail. It is far better for a statesman to be able to discern (though superficially) every object of government under all its relations, than to be able to trace any one with the greatest accuracy. This is apt to occupy him too much, and no one relation should ever engross his whole attention.

I cannot omit in this place taking notice of a very judicious remark of M. de Melon, an eminent political French writer, who was employed by the Duke of Orleans in state affairs, during his regency of the kingdom.

"It belongs only (says he) to one who has had the direction of every branch of government to lay down a general plan of administration, and even then, one must not expect from such a person, very particular details with respect to many objects, of which he himself is entirely ignorant, and which he has been obliged to confide to the care of others subordinate to him. A person who can stoop to a minute exactness in small affairs, proves commonly very unequal to the administration of great ones. It is enough for such a person to know principles by experience and reflection, and to apply fundamental maxims as occasion requires."

I apply this observation to the point in hand. A statesman who allows himself to be entirely taken up in promoting circulation, and the advancement of every species of luxurious consumption, may carry matters too far, and destroy the industry he wishes to promote. This is the case, when the consequences of domestic consumption raise prices, and thereby hurt exportation.

A principal object of his attention must therefore be, to judge when it is proper to encourage consumption,

sumption, in favour of industry; and when to discourage it, in favour of a reformation upon the growth of luxury.

If the country he governs be in a state of simplicity, and that he wishes to awaken a taste for industry and refinement, he must, as has been said, encourage domestic consumption, for the sake of multiplying, and giving bread to the industrious; he must facilitate circulation, by drawing into the hands of the public what coin there is in the country, in case he finds any part of it locked up; and he must supply the actual deficiency of the metals, by such a proportion of paper credit, as may abundantly supply the deficiency.

In every country where simplicity prevails, and where there is any considerable quantity of coin, a great proportion of it must be locked up: because the consumption there must be small; consequently, little circulation; consequently, either little coin or many treasures. In such cases, therefore, a statesman must engage the possessors of these riches to part with them, at the desire of those who can give security for their worth; and he must establish the standard of an annual retribution for the loan. If this be difficult to be brought about, from the want of confidence in the monied men, he may, in their favour contrive expedients to become the borrower himself, at the expence of the alienation of certain rights, or the creation of new privileges in lieu of interest; and when he has engaged them to part with their coin, he may lend it out to such as have both solid property and a desire to consume; but who, for want of a circulating fund to purchase superfluities, have hitherto lived in simplicity.

The introduction, therefore, of loans upon interest, is a very good expedient to accelerate circulation, and give birth to industry.

Obj. But here it is objected, that such a plan is looked upon by some nations to be contrary to the precepts of the christian religion, and therefore a statesman cannot permit it.

To this I can make no answer, because I am no casuist; but I can propose an expedient which will supply the defect of borrowing at interest; and as it may serve to illustrate the principles I am now upon, I shall here introduce it.

The intention of permitting loans upon interest, is not to provide a revenue to those who have ready money locked up, but to obtain the use of a circulating equivalent to those who have a sufficient security to pledge for it. If the statesman, therefore, shall find himself with-held by the canons of his church, from drawing the coin of his subjects into circulation, by permitting the loan of it upon interest, nothing is more easy than to invent another species of circulation, where no interest at all is necessary.

Let him open an office, where every proprietor of lands may receive, by virtue of a mortgage thereon, a certain proportional value of circulating paper of different denominations, the most proper for circulation. He may therein specify a term of payment in favour of the debtor, to give him an opportunity to call in his obligation, and relieve the engagement of his property. But that term being elapsed, the land is to belong to the creditor, or the paper to become payable by the state, if required, which may in consequence become authorised either to sell the land engaged, or to retain a proportional value of the income, or of the property of the land itself, as shall be judged most expedient.

Further, let him constitute a real security for all debts upon every species of solid property, with the greatest facility in the liquidation of them, in favour of those who shall have given credit to the proprietors for merchandise of any kind. To compass this, let all entails, substitutions, and *fidei commissa*, or trusts, restraining the alienation of land-property, be dissolved; and let such property be rendered as saleable as household furniture. Let such principles influence the spirit of the government; let this sort of paper credit be modified and extended according to circumstances, and a taste for consumption will soon take place.

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The greatest of all obstacles to industry in its infancy, is the general want of credit on both sides. The consumers having no circulating value, the difficulty of liquidating what they owe by the alienation of their lands, prevents their getting credit; and the many examples of industrious people giving way, on account of bad payments, discourages others from assisting them in the beginning of their undertaking.

From these principles we may gather, that a statesman who intends to increase industry and domestic consumption, should set out by providing a circulating fund of one kind or other, which ought always to be ready, and constantly at the command of those who have any sort of real equivalent to give for the consumption they incline to make: for as specie may often times be wanting, a contrivance must be fallen upon immediately to supply that want.

The utility of this kind of credit, or paper money, is principally at the instant of its entering into circulation, because it is then only that it supplies the want of real specie; and by this invention, the desire to consume creates, as it were, the circulating equivalent, without which the alienation of the produce of industry would not have taken place; consequently, the industry itself would have suffered a check.

But in the after circulation of this paper money from hand to hand, this utility comes to cease; because the subsequent consumer, who has another man's paper to give in exchange, is already provided with a circulating equivalent, and therefore were it not for the wearing of the specie, or difficulty of procuring it, it is quite indifferent both to the state, as well as to circulation, whether this paper continues to pass current, or whether it be taken up, and realized by the debtor, and gold and silver be made to circulate in its place.

Let me now endeavour to make this whole doctrine still more plain, by an example.

Suppose

Suppose a country where there is a million of pieces of gold employed necessarily in carrying on the ordinary circulation, a million of pieces of the same value locked up, because the proprietors have no desire to spend them. Suppose the revenue of the solid property of the country to be worth also a million a year; and that if the fund itself could be sold, it might be worth twenty millions of the same specie. Suppose no such thing as credit or paper money to be known, and that every man who inclines to make any consumption, must be provided previously with a part of the circulating million, before he can satisfy his inclination.

Under these circumstances, the statesman resolves to establish industry, and finding that by his people's taking a taste for a greater consumption, the million which was formerly sufficient for carrying on circulation, is no longer so; he proposes to those who have the other million locked up, to borrow it from them at 5 *per cent.* and the better to engage them to comply with his proposal, he offers to impose duties upon the whole of the inhabitants to the annual amount of fifty thousand pieces of gold, to be paid annually to the creditors, in return for their treasure. If this scheme be adopted, he may lend out his million in small sums, to every one who inclines to borrow, upon good security; or by premiums and other encouragements given to his infant manufactures, he may throw it into the hands of the public, that is, into circulation. Here is one method of increasing the quantity of a circulating fund, when an augmentation upon the consumption of the produce of industry comes to demand it.

But let us now suppose this regular plan of borrowing to be contrary to what is called the constitution of the state, to religion, or to the spirit of the people, what must be done to supply the place of such a scheme?

The statesman must then fall upon another contrivance, by extending the use of pledges, and instead of moveables, accept of lands, houses, &c. The *Monte pieta* at Rome issues paper money upon moveable security deposited in their hands. Let the statesman,

man, without exacting interest, do the same upon the lands of his subjects, the best of all securities. While the lands subsist, this paper money must retain its value; because I suppose the regulations to be such as to make it convey an indisputable right to the lands engaged. The advantage of such an establishment will be, that as formerly no man could purchase the smallest produce of industry, without having a part of the circulating million of pieces of gold; every body now who has an inclination to consume, may immediately procure paper money in proportion to his worth, and receive in return whatever he desires to possess.

Now let me suppose that this paper money shall in time, and from the growing taste for superfluities, amount to the value of five millions of pieces of gold. I ask, whether the real value of this paper is any way diminished, because it exceeds, by far, all the gold and silver in the country, and consequently cannot all at once be liquidated by the means of the coin? Certainly not: because it does not draw its value from any representation of these metals, but from the lands to which it conveys a right. Next, I ask, if the country is thereby become any richer? I answer, also in the negative: because the property of the lands, if sold, being supposed worth twenty millions, the proprietors of the paper are here supposed to have acquired by their industry, five millions of the twenty; and no more than the remaining fifteen millions belong to the landlords.

Let us now suppose a million of this paper money to fall into the hands of those who have no inclination to spend it. This is the case of the frugal, or money hoarding persons, and they will naturally chuse to realize their paper, by taking possession of the lands represented by it. The moment this operation takes place, the million of paper money is annihilated, and the circulating capital is reduced to four millions of paper, and one million of specie. Suppose, on the other hand, that those who have treasures which they cannot
lend

lend at interest, seeing a paper money in circulation, which conveys a right to solid property, shall purchase it with their million of pieces of gold, and then lay hold of a proportional part of the land : what effect will this double operation produce upon the circulating fund ? I answer, that instead of being composed as formerly of one million of coin and five millions of paper, it will, at first, on the buying up of the paper, consist of two millions of coin and five millions of paper ; and so soon as the million of paper bought up comes to be realized upon the land, and thereby extinguished, the circulating coin will be two millions, and the paper will be reduced to four. Here then is a very rational method of drawing all the coin of the country from the treasures of the frugal, without the help of interest. Let me take one step further, and then I will stop, that I may not too far anticipate the subject of the following book.

I suppose, that the statesman perceiving that the constant circulation of the coin insensibly wears it away, and reflecting that the value of it is entirely in proportion to its weight, and that the diminution of the mass must be an effectual diminution of the real riches of his country, shall call in the metals and deposit them in a treasure, and shall deliver, in their place, a paper money having a security upon the coin locked up. Is it not plain, that while the treasure remains, the paper circulated will carry along with it as real (though not so intrinsic) a value as the coin itself could have done ? But if this treasure comes to be spent, what will the case be then ? It is evident, that the paper conveying a right to the coin, will then as effectually lose its value, as the other species of paper conveying a right to the lands, and issued, as we have supposed, by the proprietors of them, would have done, had an earthquake swallowed up, or a foreign conqueror seized the solid property engaged as a security for this paper.

The expedient, therefore, of symbolical money, which is no more than a species of what is called credit, is principally useful to encourage consumption

tion, and to increase the demand for the produce of industry. And the bringing the largest quantity of coin possible into a country, cannot supply the want of it in this respect; because the credit is constantly at hand to every one who has property; and the other may fail them on a thousand occasions. A man who has credit may always purchase, though he may be many times without a shilling in his pocket.

Whenever, therefore, the interest of a state requires that the rich inhabitants should increase their consumption, in favour of the industrious poor; then the statesman should fall upon every method to maintain a proportion between the progress of industry, and the gradual augmentation of the circulating fund, by enabling the inhabitants to throw with ease their solid property into circulation whenever coin is found wanting. Here entails are pernicious.

On the other hand, when luxury begins to make too great a progress, and when it threatens to be prejudicial to foreign trade, then might solid property be rendered more unwieldy; and entails might then become useful: all moveable debts, except bills of exchange in foreign circulation, might be stripped of their privileges, and particularly, as in France, of the right of arresting the person of the debtor. Usury ought then to be punished severely; even something like the *Senatus Consultum Macedonianum*, which made the contract of loan void on the side of the borrowers, while they remained under the power of their fathers, might be introduced. Merchants accounts should no more be allowed to enjoy a preference to other debts; but on the contrary, be made liable to a short prescription. In a word, domestic circulation should be clogged, and foreign circulation accelerated. When foreign trade again comes to a stop, then the former plan may be taken up a-new, and domestic circulation accelerated and facilitated, in proportion as the produce of industry and taste of superfluity require it.

III. *A statesman ought carefully to distinguish between those branches of circulation which operate a vibration in the*

balance of wealth, and those which do not, in order to regulate the taxes which he may think proper to lay upon his people.

In treating of this third object of a statesman's attention, I shall confine myself to the application of those principles which point out the necessity of taxation among a luxurious people, become wealthy by the means of trade, where the industrious can no longer be ~~supported~~ ^{able} to subsist but by means of a great domestic circulation, which is the object of our present inquiry.

In every case where the balance of wealth is made to vibrate by circulation, there is an opportunity of imposing a tax upon consumptions, perfectly proportioned to the quantity of the circulation. Now by the imposition of taxes, and the right employment of the amount of them, a statesman has it in his power to retard or to promote the consumption of any branch of industry. By the imposition of duties he may either check luxury when he finds it calling off too many hands from other more necessary occupations; or by granting premiums, he may promote consumption or exportation upon branches where it is expedient to increase the hands employed, which last is the reverse of taxation; or in the third place, when foreign trade begins to bear a small proportion to domestic consumption, he may profit of luxury, and draw a part of the wealth of the luxurious into the public treasure, by gently augmenting the impositions upon it; for when taxes are gently increased, consumption is not checked; consequently, this is the proper method to be followed, when luxury does no harm. But when it proves hurtful, the rise in the impositions should be sudden, that they may operate the effects of violent revolutions which are always accompanied with inconveniencies, and on such occasions every inconvenience will mark the success of the operation. An example will make this plain.

If you want to check the drinking of spirituous liquors, let every alteration of your oeconomy concerning them, either as to the impositions upon the consumption, or regulations in the retailing them, proceed

ceed by jerks as it were; if you want to increase the revenue, from the propensity people have to poison themselves with spirits, your augmentations and alterations may be gentle and progressive.

Here let me observe by the way, that the best method for a statesman to curb any sort of vice among his people, is to set out by facilitating the gratification of it, in order to bring it once upon a regular and systematical footing, and then by sudden and violent revolutions in the administration of the oeconomy of it, to destroy it and root it out.

Were all the strumpets in London received into a large and convenient building, whither the dissolute might repair for a while with secrecy and security, in a short time, no loose women would be found in the streets. And it cannot be doubted, but that by having them all together under certain regulations, which might render their lives more easy than they are at present, the progress of debauchery and its hurtful consequences, might in a great measure be prevented. At Paris, they are to be found in their houses, because the police never troubles them there, while they commit no riot or disturbance. But when they are persecuted in their habitations, they break forth into the streets, and by the open exercise of their profession, the delicacy of modesty is universally hurt and but too frequently blunted, and the example that those prostitutes openly set to their own sex, debauches more women than all the rakes in town do.

I hope this digression will not be misconstrued into an apology for public stews, where, in place of following good regulations for suppressing the vices with which they are filled, the principal object is frequently to encourage the abuses for the sake of making them turn to account as a branch of revenue. Such a plan of administration represents a statesman who turns against his people, those arms which he had provided for their defence. My intention is very different, it is to curb vice as much as possible, and to shut up what

cannot

cannot be rooted out within the bounds of order, and to remove it as a nuisance from the eyes of the public, and from the contagious imitation of the innocent. I now come to the object of a statesman's attention, relative to that branch of circulation which implies no vibration of the balance of wealth between the parties concerned.

The more perfect and the more extended any statesman's knowledge is of the circumstances and situation of every individual in the state which he governs, the more he has it in his power to do them good or harm. I always suppose his inclinations to be virtuous and benevolent.

The circulation of large sums of money brings riches to light for a moment, which before and after are commonly hid from the eyes of the public. Those branches of property therefore, which have once made their appearance in this species of circulation, should not be lost sight of until they come naturally to melt away, by returning into the other branch of which we have been speaking; that is, until they are fairly spent, and the balance be made to turn against the former proprietors of them. After this revolution, they will circulate for a while in small sums, and remain imperceptible, but in time they will come to form new stagnations; then they will be lent out again, or employed in the purchase of lands; and falling once more under the eyes of the state, they will again become an object of the same attention as formerly.

Nothing is more reasonable, than that all property which produces an annual determined income, should be made to contribute to the common burthens of a state. But those taxes which are intended to operate upon so moveable a property as ready money, ought to be imposed with a most gentle hand, and even so as not to appear directly to affect it. The statesman here must load his wealthy citizens with duties, as Horace loads his sovereign with adulation, never addressing his compliments directly to the emperor, but conveying them to him in the most elegant manner, through the channel of an interposed person. Thus people possess-

ing large capitals of ready money, which in a moment they can transport beyond the reach of the most extended jurisdiction, may have certain privileges granted them which may attach them to the country (in England, for example, a vote in a county or burrow) and then in consequence of their rank, not because of their money, be made to come under a sort of capitation, or other similar imposition bearing another name. Might not the creditors of that nation be represented in parliament, and in consequence of so great a privilege, and the additional security thereby granted to the funds, be made afterwards to come under taxations as well as other proprietors of a determined revenue. An admirable hint for the imposition of such taxes, is to be met with in a certain great European monarchy, where the highest order of knighthood is distinguished with a ribband, a star, and a pension of about an hundred and thirty pounds sterling a year. But to soon as any one is raised to that dignity, he pays exactly that very sum in lieu of capitation. The pension was given by the prince who instituted the order; the capitation followed in a subsequent reign, and now appears rather a mark of distinction than a burthen.

IV. *The next object of a statesman's attention proper to be taken notice of, is the different political considerations which must occur to him when he compares the turning of the balance of wealth against the industrious members of a state, with those vibrations which take place against the not working part of the inhabitants. In other words, the different effect of taxes, as they severally affect those who consume in order to re-produce, and those who consume in order to gratify their desires.*

The one and the other consumption implies a vibration in the balance of wealth, and whenever there is a vibration, there we have said that a proportional tax may be imposed.

But as the intention of taxes, as I understand them, is only to advance the public good (by throwing a part of the wealth of the rich into the hands of the industrious poor, and not to exhaust one part of a nation to enrich another, no necessary article of consumption

tion should be taxed to an industrious person, but in such a way as to enable him to draw back the full amount of it, from those who consume his work. By this means, the whole load of taxes must fall upon the other category of inhabitants, to wit, those who live upon the produce of a fund already acquired.

Let me here observe, by the way, that if taxes are rightly laid on, no industrious person, any more than another who lives upon his income, will ever be able to draw back one farthing of such impositions as he has paid *upon his consumption of superfluity*. This shall in its proper place be made sufficiently plain; at present it would be a superfluous anticipation of the doctrine of taxation, to point out the methods of compassing this end. My intention at present is only to recapitulate the objects of a statesman's attention, with regard to the consequences of circulation, and the vibrations of the balance of wealth; and having shewn how nearly those principles are connected with those of taxation, this alone is sufficient to shew their importance.

V. *A statesman ought to attend to the difference between the foreign and domestic circulation of the national wealth.*

This object, though in part relative to foreign commerce, must not be passed over without observation. In fact, there is no nation entirely deprived of foreign communications; therefore, although a statesman, who is at the head of a luxurious people, may act in general as if there were none at all, yet still he must be attentive to the consequences of circulation with his neighbours, in so far as it takes place.

Every commercial correspondence with foreign nations, not carried on by the exchange of consumable commodities, must produce a vibration of the balance of wealth, either in favour or prejudice of the interest we have in our eye. But it does not follow, because there is a vibration, that therefore a statesman has the same liberty of imposing taxes upon every article of consumption,

consumption, as if the two scales were vibrating within the country subject to his administration.

When the consumers are his subjects, he may safely impose the tax, and if he raises it by degrees, so high as to diminish the consumption, and reduce the amount of the imposition, he will probably gain on the other hand, by discouraging the foreign importation, and by keeping the nation's wealth at home, more than he possibly could have got by the amount of his tax, in consequence of the dissipation of it.

When the foreigners are the consumers, the case is very different: for you cannot oblige a man who is not your subject, to pay beyond the advantage he gains by your correspondence. It is therefore, as has been said, only upon the exportation of goods, where the nation has great natural advantages over her neighbours, that any duty can be raised.

VI. The last object I shall mention as worthy of a statesman's attention, is, *the rules of conduct he should prescribe to himself, as to the extending or contracting taxation, according as he finds a variation in the proportion between the FOREIGN and DOMESTIC circulation of his country.*

For this purpose he must know exactly the proportions of the one and the other; he must compare the quantity of domestic consumption, with the produce of industry and quantity of importations.

If domestic consumption be equal to the sum of both, the country must annually lose the value imported. In this case, taxes are to be raised by sudden jerks, especially upon importations; not to increase the produce of them, but to prevent the increase of luxury, and dissipation of national wealth.

If domestic consumption do not exceed the produce of industry, this will prove that exportation is at least equal to importation. In this case the exportation must be supported; and when that can no otherwise be done, a part of the taxes levied upon home consumption must be distributed in premiums upon the articles of exportation; and when this also becomes ineffectual,

fectual, then all importations for consumption must be cut off, according to the principles above laid down.

If the domestic consumption should really fall short of the produce of industry, it marks a flourishing foreign trade. Prices then must be kept low, as has been abundantly explained; consequently, there will be less profit from taxes; because every penny imposed, which affects the price of exportable goods, must be refunded out of the net produce of them, and all the expence of collecting that part is entirely lost to the public: the remainder, therefore, will be greater or less, according as foreign trade is great or small.

In proportion, therefore, as domestic circulation gains ground upon the foreign, taxes become necessary; in order, with the amount of them, to correct the bad effects of luxury, in raising prices, by giving larger premiums to support exportation. And in proportion as a statesman's endeavours to support the trade of his country becomes ineffectual, from the growing taste of dissipation in his subjects, the utility of an opulent exchequer will be more and more discovered; as he will be thereby enabled to support his authority against the influence of the great load of riches thrown into domestic circulation, and to defend his luxurious and wealthy subjects from the effects of the jealousy of those nations which enrich them.

To conclude, the exportation of work, and the supporting a superiority in the competition of foreign markets (as has been said, and as shall be further explained) seem to be the most rational inducements to engage a statesman to begin a scheme of imposing considerable taxes upon his people, while they enjoy any share of foreign commerce. If such taxes continue to subsist after the extinction of it, and are then found necessary; this necessity is itself a consequence of the change made on the spirit and manners of a people become rich and luxurious.

The charge of government, under such circumstances, must greatly increase, as well as the price of every thing.

thing. Is it not very natural, that he who is employed by the state should receive an equivalent proportioned to the value of his services? Is it to be supposed, that a person born in a high rank, who, from this circumstance alone, acquires an advantage, in most nations, hardly to be made up by any acquired abilities, will dedicate his time and his attendance for the remuneration which might satisfy his inferiors? The talents of great men deserve reward as much as those of the lowest among the industrious; and the state is with reason made to pay for every service she receives. This circulation of an adequate equivalent, we have said to be the palladium of liberty, the band of gentle dependence among freemen? and the same spirit ought to animate every part of the political body. That *nothing is to be done for nothing*, is a fundamental political maxim in every free government, and obligations, not liquidated by a just equivalent, form pretensions beyond their worth; and are constantly accompanied with discontent at one time or other.

Another use of taxes, after the extinction of foreign trade, is to assist circulation, by performing, as it were, the function of the heart of a child, when at its birth that of the mother can be of no further use to it. The public treasure, by receiving from the amount of taxes, a continual flux of money, may throw it out into the most proper channels, and thereby keep that industry alive, which formerly flourished, and alone depended upon the prosperity of foreign commerce.

In proportion, therefore as a statesman perceives the rivers of wealth, (as we have called them above) which were in brisk circulation with all the world, begin to flow abroad more slowly, and to form stagnations, which break out into domestic circulation, he ought to set a plan of taxation on foot, as a fund for premiums to indemnify exportation for the loss it must sustain from the rise of prices, occasioned by luxury; and also for securing the state itself, against the influence of domestic riches, as well as for recompensing those who are employed in its service.

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This system ought to be carried on and extended, in proportion to the decay of foreign trade; and when this comes in a manner to cease, then the increase of taxes, and the judicious application of them, going hand in hand, the state itself will support circulation, by receiving with one hand, and giving out with the other; until by a prudent management under the care and direction of an able statesman, through time and perseverance, every internal vice be corrected, and foreign commerce be made to flourish once more from the principles we have been laying down, and from what may be further said to illustrate them in the subsequent books of this inquiry.

While industry is kept alive there is still ground for hope. Manners change, and the same luxury which extinguished foreign trade, by calling home the wealth employed in that species of circulation may afterwards, by keeping industry alive at home, and by throwing a sufficient power of wealth into the hands of a good statesman, render the recovery of that trade no difficult project, to one who has an instrument in his possession, so irresistible in removing every obstacle in the way of his undertaking.

This represents a new circulation; to wit, that of the spirit and manners of a people, who, under the government of able statesmen, may prosper in every situation: and since, from the nature of man, no prosperity can be permanent, the next best thing to be done, is, to yield to the force which cannot be resisted; and, by address and management, reconduct a people to the height of their former prosperity, after having made them travel (as I may say) with as little inconvenience as possible, through all the stages of decline.

C H A P. XXVIII.

Circulation considered with regard to the rise and fall of the Price of Subsistence and Manufactures.

THE intention of this chapter is to apply the principles we have been in search of, to the solution of some questions, which have been treated by those great masters of political reasoning, Messrs. de Montesquieu and Hume. The ideas they have broached are so pretty, and the theory they have laid down for determining the rise and fall of prices so simple, and so extensive, that it is no wonder to see it adopted by almost every one who has writ after them.

I have not forgot how much I was pleased when first I perused these authors, from the easy distribution which a general theory enabled me to make of certain classes of my ideas then lying without order, in that great repository of human crudities, the memory; which frequently retains more materials, than people, commonly, have either time, or perhaps capacity rightly to digest.

I am very far from pretending to any superiority of understanding over those gentlemen whose opinions I intend to review: accident alone has led me to a more minute examination of the particular circumstances, upon which they have founded their general combinations; and in consequence of my inquiries, I think I have discovered, that in this, as in every other part of the science of political oeconomy, there is hardly such a thing as a general rule to be laid down.

There is no real or adequate proportion between the value of money and of goods; and yet in every country we find one established. How is this to be accounted for?

We

We have, in the fourth chapter of this book, already inquired into the principles which point out the influence of trade upon the variation of the price of goods; but the question now comes to be, how to fix and determine the fundamental price, which is the object of variation. It has been said, that the price of a manufacture is to be known by the expence of living of the workman, the sum it cost him to bring his work to perfection, and his reasonable profit. We are now to examine what it is, which in all countries must determine the standard prices of these articles of the first necessity; since the value of them does necessarily influence that of all others.

The best way to come at truth, in all questions of this nature, is, to simplify them as much as possible, that they may be first clearly understood.

Whenever a question arises about price, an alienation is necessarily implied; and when we suppose a common standard in the price of any thing, we must suppose the alienation of it to be frequent and familiar. Now I must here observe, that in countries where simplicity reigns (which are those where the decision of this question ought regularly to be sought for, since it is there only where a complication of circumstances do not concur to raise the prices of subsistence) it is hardly possible to determine any standard for the price of articles of the first necessity.

Let us examine the state of those hunting Indians who live by their bow, and of other nations where the inhabitants exercise, I may say universally, that species of agriculture which I have called a direct method of subsistence, and we shall find, that the articles of food and necessaries are hardly found in commerce: no person purchases them; because the principal occupation of every body is to procure them for himself. What answer would a Scotch highlander have given any one, fifty years ago, who would have asked him, for how much he sold a quart of his milk, a dozen of his eggs, or a load of his turf? In many provinces, unacquainted

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ed with trade and industry, there are many things which bear no determined price; because they are seldom or never sold.

Sale alone can determine prices, and frequent sale can only fix a standard. Now the frequent sale of articles of the first necessity marks a distribution of inhabitants into *labourers*, and what we have called *free hands*. The first are those who produce the necessities of life; the last are those who must buy them: and as the fund with which they purchase is produced from their industry, it follows, that without industry there can be no sale of articles of subsistence; consequently, no standard price determined.

Another consequence of this reasoning, is, that the sale of subsistence implies a superfluity of it in the hands of the seller, and a proper equivalent for it in the hands of the buyer; and when the equivalent is not money, it also implies a superfluity of the produce of some sort of industry; consequently, by the exchange of superfluities upon certain articles, a man procures to himself a sufficiency upon every one. This represents that gentle dependence which unites the members of a free society.

Does it not follow from this analysis of the question, that the prices of articles of the first necessity, depend rather upon the occupation and distribution of the classes of inhabitants, than either upon the abundance of those necessities, or of the money to purchase them; since many examples may be found, where these articles have borne little or no price, even in countries where money was not wanting. The reason therefore of low prices, is not the vast abundance of the things to be sold, but the little occasion any body has to buy them; every one being provided for them in one way or other, without being obliged to go to market.

How many familiar examples occur every where of this oeconomy! do we not find in every country, even when the numbers of the industrious free are multiplied exceedingly, more than one half of the inhabitants fed directly from the earth? The whole class of farmers does not go to market for subsistence.

Ask

Ask a country gentleman the expence of his living he will tell you the sum of money he yearly spends, perhaps the quantity of his rents in kind, which he consumes in his house, and the rent of the lands he holds himself in farm, but it will never come into his head to reckon the value of every chicken, sheep, or bullock, with which his farm provides him, which he consumes without estimation, and which in many countries he could not dispose of for any determined value.

From this I still conclude, that it is only in countries of industry where the standard prices of articles of the first necessity can be determined; and since in these, many circumstances concur to render them either higher or lower than in other countries, it follows, that in themselves they bear no determined proportion whatsoever, to the quantity of gold and silver in the country, as I hope presently to make still more evident.

What is it then which determines the standard value of these articles, in countries of industry? Here follows, in my humble opinion, the best answer to this question.

The standard price of subsistence is determined from two considerations. The first from the number of those who are obliged to buy, that is to say, of those who have them not of their own, and who are not provided with them, in lieu of service, by those who have. The second is, from the degree of employment found for those who are obliged to purchase them.

The *number* of the buyers of subsistence, nearly determines the *quantity* sold; because it is a necessary article, and must be provided in a determined proportion for every one: and the more the sale is frequent, the more the price is determined. Next as to the standard: this, I apprehend, must depend upon the faculties of the buyers; and these again must be determined by the extent of those of the greatest numbers of them; that is to say, by the extent of the faculties of the lower classes of the people. This is the reason why bread,

bread, in the greatest famine, never can rise above a certain price; for did it exceed the faculties of the great classes of a people, their demand must be withdrawn, which would leave the market overstocked for the consumption of the rich; consequently, such persons, who in times of scarcity are forced to starve, can only be such whose faculties fall, unfortunately, below the standard of those of the great class: consequently, in countries of industry, the price of subsistence never can rise beyond the powers to purchase of that numerous class who enjoy physical-necessaries; consequently, never to such an immoderate height as to starve considerable numbers of the people; a thing which very commonly happens in countries where industry is little known, where multitudes depend merely upon the charity of others, and who have no resource left, so soon as this comes to fail them.

The faculties, therefore, of those who labour for a physical-necessary, must, in industrious nations, determine the standard value of subsistence, and the value in money which they receive for their work, will determine the standard of their faculties, which must rise or fall according to the proportion of the demand for their labour.

By this exposition of the matter, I do not pretend to have dissipated every obscurity. The question still remains complex, as the nature of it requires it should do; and the solution of it depends upon further considerations, which now lead me to the examination of the doctrine of Messrs. de Montesquieu and Hume, concerning the influence of riches upon the increase of prices. I shall begin by shortly laying this doctrine before my readers, in three propositions.

1^{mo}. The prices (say they) of commodities, are always proportioned to the plenty of money in the country. So that the augmentation of wealth, even fictitious, such as paper, affects the state of prices, *in proportion* to its quantity.

2^{do}. The

2^{do}. The coin and current money in a country, is the representation of all the labour and commodities of it. So that *in proportion* as there is more or less of this representation, (money) there goes a greater or less quantity of the thing represented (commodities, &c.) to the same quantity of it. From this it follows, that

3^{tio}. Increase commodities, they become cheaper; increase money, they rise in their value.

Nothing can be more beautiful than these ideas. They appear at first sight, sufficiently extensive to comprehend every variation of circumstances which can happen. Who was the first author of this doctrine, I cannot say. I find it in Mr. Locke, and in the *Spectator* for the 19th of October, 1711; but they have been beautifully illustrated by Monsr. de Montesquieu: and Mr. Hume has extended the theory, and diversified it prettily in his political discourses; which have done much honour to that gentleman, and drawn the approbation of the learned world so much, that there is hardly a nation in Europe which has not the pleasure of reading them in their own language.

Upon examining this theory, when I came to treat of the matters it is calculated to influence, I found I could not make it answer to the principles I had pursued, in the most natural order in which I had been able to deduce them: and this consideration obliged me, with regret, to lay it aside, and to follow another much more complex. I have already expressed the mortification I have always had, upon finding myself forced to strike out a general rule, and this of all others had at first hit my fancy the most; but I am obliged to confess, that upon a close examination of the three propositions, I am obliged to range this ingenious exposition of a most interesting subject, among those general and superficial maxims which never fail to lead to error.

In order to set the matter in as clear a light as possible, I shall make a short application of my own principles, relating to the decision of the main question, the causes of the rise and fall of prices, and conclude my
chapter

chapter with some remarks upon the three propositions above laid down, submitting the whole to the better judgment of my reader.

I have laid it down as a principle, that it is the complicated operations of demand and competition, which determine the standard price of every thing. If there be many labourers, and little demand, work will be cheap. If the increase of riches, therefore, have the effect of *raising* demand, work will increase in its value, because *there* competition is implied; but if it has only the effect of *augmenting* demand, prices will stand as formerly. What then will become of the additional quantity of coin, or paper money? I answer, that in both cases it will enter into circulation, in proportion to the *rise* or *augmentation* of demand; with this difference, that in the first case, it will have the effect of raising prices; because the supply is supposed to augment in proportion. These are the consequences of the augmentation of wealth, when it has the effect of either *raising* or *augmenting* demand. But if upon this revolution it be found that the state of demand remains without any variation, then *the additional coin* will probably be locked up, or converted into plate; because they who have it, not being inspired with a desire of increasing their consumption, and far less with the generous sentiment of giving their money away, their riches will remain without producing any more effect than if they had remained in the mine. As for the paper money, so soon as it has served the first purpose of supplying the demand of him who borrowed it, (because he had at that time no coin) it will return upon the debtor in it, and become realized; because of the little use found for it in carrying on circulation.

Let the specie of a country, therefore, be augmented or diminished, in ever so great a proportion, commodities will still rise and fall according to the principles of demand and competition, and these will constantly depend upon the inclinations of those who have
properly

property or any kind of *equivalent* whatsoever to give; but never upon the quantity of *coin* they are possessed of.

Let the quantity of the coin be ever so much increased, it is the desire of spending it alone, which will raise prices. Let it be diminished ever so low, while there is real property of any denomination in the country, and a competition to consume in those who possess it, prices will be high, by the means of barter, symbolical money, mutual prestations, and a thousand other inventions. Let me give an example.

Suppose a country where prices are determined, and where the specie is sufficient for the circulation: is it not plain, that if this country has a communication with other nations, there must be a proportion between the prices of many kinds of merchandize, there and elsewhere, and that the sudden augmentation or diminution of the specie, supposing it could *of itself* operate the effects of raising or sinking prices, would be restrained in its operation by foreign competition. But let us suppose it cut off from every communication whatsoever, which seems the only case, where this theory can operate with any appearance of justness, will any body pretend, that the frugal or extravagant turn of the inhabitants, will have no influence upon prices, and will it be asserted, that no variation in the spirit of a people as to frugality and dissipation, can take place, except upon a variation in the quantity of their gold and silver?

It may be answered, that as to articles of superfluity, no doubt the genius of a people may influence prices, in combination with the quantity of the specie; but that in articles of indispensable necessity, they must constantly remain in proportion to the mass of riches. This I cannot by any means admit to be just. Let me take the example of grain, which is the most familiar. Is it not plain from what we have said above, that the partition of wealth, found in the hands of the lowest class of the people, constantly regulates the price of it; consequently, let the rich be ever so wealthy, the price of subsistence can never rise above the faculties of the

poor. And is it not also plain, that those of the lowest class of the people, *who purchase subsistence*, must buy it with the returns they receive from the rich for their industry? Now if the quantity of the wealth of the latter, does not regulate their demand for the service of the former, must it not follow, that the price of grain, as well as of every other thing offered to sale, must depend upon the degree of competition among the rich for the labour of the poor, that is, upon the demand for industry, and not on the quantity of wealth in the country?

No body ever denied, that the extraordinary demand for a commodity, had the effect of raising the price of it: and certainly no body will deny, that the demand for a particular commodity may be greater at one time than at another, though the same quantity of that commodity be found at both times in the country; and the same quantity of specie likewise not only in the country, but also in circulation.

I acknowledge that in a country where there is much coin, and where credit is little known, a high and extraordinary demand for an article of superfluity, may raise the price more than in another where the coin is more scarce; because on certain occasions, the price of a thing has no other bounds than the extent of the faculties of the buyer. In like manner, in other countries where there is almost no coin, nor credit, it may be impossible for the highest demand to raise the price of such things even to the common standard established in those where there is great wealth. But these instances appear to be too particular to serve for the foundation of a general rule, with respect to the state of prices in the present situation of the nations of Europe, which, less or more, are all in communication with one another.

I cannot here omit taking notice of two very remarkable circumstances which we learn from undoubted historical authority, which seem to contradict one another, and to throw a great obscurity upon the principles I have been endeavouring to explain. I shall therefore introduce

introduce them by way of illustration, and when they are examined, I hope they will confirm my doctrine.

The first is, that in Scotland, formerly, when coin and credit were certainly very rare, the price of eight pounds weight of oat meal, which is now commonly sold at eight-pence sterling, was then valued at no more than two-thirds of one penny: and that a labouring man used to receive one penny and one-third of a penny sterling for his week's subsistence; that is to say, the value of sixteen pounds of oat meal, which to this day is the regulated quantity given for that purpose.

There is a very curious confirmation of the authenticity of this computation, in an hospital at old Aberdeen; where in former times, some proprietors of lands had settled a certain quantity of oat meal in favour of the poor of the hospital, with a liberty to the hospital to accept the meal in kind, or the conversion at two-thirds of a penny for every eight pounds weight. They imprudently chose the last, and to this very day they are paid according to this standard. Now it is certainly impossible that any degree of plenty whatsoever, or any failing of demand, could at present reduce the price of that commodity so very low; consequently, it may be said that it is the augmentation of wealth, not that of demand which raises prices.

The second fact we learn from antiquity, that at the time when Greece and Rome abounded in wealth, when every rarity, and the work of the choicest artists was carried to an excessive price, an ox was bought for a mere trifle, and grain was cheaper perhaps than ever it was in Scotland.

If the application of our principles to the circumstances of those times, produce a solution of these apparent inconsistencies; and if we thereby can discover that the low prices of grain, both in Scotland, where there was little money, and at Rome where there was a great deal, was entirely owing to the little demand for articles of subsistence; will it not follow that our principle is just, and that the other, notwithstanding of

the ingenuity of the thought, must fail in exactness ; since it will appear, that low prices may be equally compatible with wealth and with poverty.

Now as to Scotland in former times, as well as in all countries where there is little industry ; where the inhabitants are mostly fed directly from the earth, without any alienation of her fruits taking place ; where agriculture is exercised purely as a method of subsisting ; where rents are low, and where, consequently, the free hands, who live upon them for the price of their industry, must be few ; the demand for grain in the public markets must be very small ; consequently, prices will be very low, whether there be little, or whether there be much money in the country. The reason is plain. The demand is proportioned here, not to the number of those who consume, but of those who buy : now those who consume, are all the inhabitants, but those who buy, are only the few industrious who are free, and who gain an independent livelihood by their own labour and ingenuity : now the price of their week's subsistence was one penny one-third, consequently the subsistence they bought could not rise above the standard.

Next as to the state of Greece and Rome, where slavery was established. Those who were fed by the labour of their own slaves, by those of the state, or by the grain gratuitously distributed to the people, had no occasion to go to market ; consequently, they did not enter into competition with the buyers. Further, the simplicity of manners, and the few manufactures then known, made wants in general less extensive ; consequently, the number of the industrious free was small, and *they* were the only persons who *could* have occasion to purchase food and necessaries ; consequently, the competition of the buyers must have been small in proportion, and prices low.

Add to this, the reflections which naturally present themselves upon examining the nature of providing the markets. These were supplied partly from the surplus produced

produced upon the lands of the great men, laboured by slaves; who being fed from the lands, the surplus cost in a manner nothing to the proprietors; and as the number of those who had occasion to buy, were very few, this surplus was sold cheap. Besides, the grain distributed to the people gratis, must necessarily have kept down the market, as a part of it would naturally, sometimes, be found superfluous to those who received it; and consequently, come to be sold in competition with that raised at private expence.

But when a fine mullet was brought to market, or when an artist appeared with a curious piece of work, the case was very different. There was plenty of money in the country, in the hands of the rich, who all appeared in competition for the preference; consequently, prices rose to an extravagant height. The luxury of those times, though excessive, was confined to a few, and as money, in general, circulated but slowly through the hands of the multitude, it was constantly stagnating in those of the rich, who found no measure, but their own caprice, in regulating the prices of what they wished to possess, and had money to purchase.

From what has been said, it appears, that the riches of a country has no determined influence upon prices; although, I allow, they may accidentally affect them: and if we depart from the principles above laid down, to wit, that prices are regulated by the complicated operation of demand and competition, in order to follow the other, we must add a restriction (which I observe Mr. Hume has attended to on one occasion, although he has lost sight of it on several others) to wit, *that the price of every commodity is in proportion to the sum of money circulating in the market for that commodity*; which is *almost* my proposition in other words: for the money to be employed in the purchase of any commodity, is just the measure of the demand. But even here, the money in the market *destined* only for the purchase of a particular commodity, does not regulate the price of it. Nothing but the finishing of the transaction, that is, the convention between the buyer and seller, can determine the price, and this must depend upon inclination,

clination, not weight of money, as an example will make plain.

I shall suppose grain to have been at forty shillings *per* quarter, in a country market, for several months together, where the ordinary demand for the current consumption is twenty quarters every market day. If at any time an extraordinary demand should happen, which may exceed all that is to be found in the market, there will be a competition among the buyers, which will have the effect of raising the market. Now, according to the doctrine of our learned authors, it may be said, that the corn rises in proportion to the quantity of the specie which is in the market, and that it is because of this increase of specie, that the grain rises in its price. I answer, first, allowing this to be true, can it be said, that a particular temporary, or perhaps accidental demand for a few quarters of corn more than usual, implies any augmentation of the quantity of money in the country, or indeed the smallest variation either upon the total consumption, or quantity of grain contained in it? For if the demand has risen in one market, it must probably have diminished in another, as the same inhabitants cannot consume in two places. This I think every person must be convinced of, without further illustration. But I say further, that prices will not rise in proportion to the money in the market; but in proportion to the desire of acquiring grain in those who have that money.

Suppose the whole quantity of grain in the market to be thirty quarters; if there be no demand for more, these will be sold at forty shillings, as the twenty quarters would have been. But suppose the demand to be for sixty quarters, and that there is a hundred and twenty pounds sterling ready to be employed for corn, does it follow, that grain will rise to four pounds a quarter, because the money in the market bears this proportion to the quantity of grain? Certainly not.

We must therefore, I think, adopt the other principle, and follow the proportions of demand and competition; and then we shall find, that if the sellers want

want to raise their price up to the proportion of the specie, all demand will cease, as effectually as if it had never been made; and the sellers will afterwards be obliged to accept of such a moderate augmentation as shall be in proportion to the urgency of the demand, but never in proportion to the money ready to be employed.

The circulation of every country, as we have shewn above, must ever be in proportion to the industry of the inhabitants, producing the commodities which come to market: whatever part of these commodities is consumed by the very people who produce them, enters not into circulation, nor does it in any wise affect prices. If the coin of a country, therefore, falls below the proportion* of the produce of industry offered to sale, industry itself will come to a stop; or inventions, such as symbolical money, will be fallen upon to provide an equivalent for it. But if the specie be found above the proportion of the industry, it will have no effect in raising prices, nor will it enter into circulation: it will be hoarded up in treasures, where it must wait not only the call of a desire in the proprietors to consume, but of the industrious to satisfy this call.

We may therefore conclude, in consequence of the principles we have laid down, that whatever be the quantity of money in any nation, in correspondence with the rest of the world, there never can remain, in circulation, but a quantity nearly proportional to the consumption of the rich, and to the labour and industry of the poor inhabitants. The value of each particular species of which consumption is determined by a complication of circumstances at home and abroad; consequently, the proportion is not determined by the quantity of money actually in the country.

If the contrary is maintained, and if it be affirmed that the proportion between specie and manufactures is reciprocal and determined, then I am authorised to draw this conclusion, to wit: That if the greatest produce of industry must be sold for what specie is found

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* Let it be observed, that *proportion*, here, does not mean *value*.

in the country, *let the sum be ever so small*, so in like manner, the *smallest* produce of industry *must* be sold for *all the specie* found in the country, *let the sum be ever so great*. Consequently, in the first case, we must suppose, that the industrious will never seek for a better price from abroad; and in the second, that the mornied people *must* spend all they have in supplying their most moderate wants, and never seek for cheaper merchandize than what they can find at home. Consequently, there can be no foreign trade, nor can there ever be any hoarding.

I shall now conclude my chapter, with a few observations upon the three propositions as they stand in their order.

PROP. I. Prices are in proportion to the plenty of money. And thus the augmenting even of fictitious wealth, such as paper, affects the state of prices, according to its quantity.

From this Mr. Hume disapproves of the introduction of paper money, when specie is wanting, and says, that if nothing were allowed to circulate but gold and silver, the quantity being less, prices would be lower.

This is neither more or less, in my humble opinion, than a project to destroy credit, with a view to support trade and industry. Because it would effectually prevent any person from making a consumption, except at the time he happened to be provided with ready money. Does the paper money in England, keep up the prices of grain at present, January 1759? And will not every article of necessaries fall, in a short time, as low in that country as in any other in Europe, if the same measures continue to be followed?

Were all paper money in that kingdom proscribed at once, no doubt the prices of many things would fall very considerably; but such a fall would neither be universal or equable. The reason of this fall would not be because the specie would become proportionally divided among all the inhabitants, according to the value of their property; nor because of the small quantity of it, since prices abroad would still regulate many at home: but because of the

the sudden revolution, and the violent overturn thereby produced on the balance of work and demand. The scale of the first would preponderate to such a degree, that those classes of the industrious, who work for daily subsistence in furnishing superfluities, would enter into so strong a competition with one another, that their work would fall to nothing, while subsistence would remain at the price of exportation. If it be asked what could occasion this difference. I answer, because the workmen who supply superfluities, adapted to the taste of their nation, would find no more demand for them, from the want of credit, or of a circulating fund to buy with, and strangers would not profit of the fall in the price of a superfluity not adapted to their own taste; but they would very willingly become purchasers of every bushel of grain become superfluous, by starving so many of the inhabitants; and this would keep the price of subsistence upon a pretty even level with that of other countries.

But if we suppose all communication cut off with strangers, would this proportion between money and prices then hold true? By no means. Here is the reason: there are many ways of alienating goods or natural produce, without the assistance of specie. Immense quantities of both may be consumed by barter, or in lieu of service, where money is never heard of: now all this portion alienated, enters into the mass of what is called produce and manufactures which come to market; but can have no influence upon the specie, nor can specie have any upon it, since the money remains inactive during those operations.

Another reason is, that there is no such thing as preserving specie in an equal repartition, so as to serve the occasions of every body in proportion to their worth. The reason is manifest: money, like every other thing, will come into the hands of those who give the greatest value for it, and when the quantity of it is small in any country, where nothing can be procured without it, such proprietors of lands as have

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the greatest desire to consume, will purchase the specie at a higher interest, or with more of their lands than others.

This alone is sufficient to prove that the repartition of specie can never be in proportion to property; and this also destroys the supposition of prices rising and falling, according to the proportion of it, even in a country cut off from every foreign communication. Here is the proof: any individual who has, by mortgaging his lands, got together a large proportion of the specie of his country, will raise prices in his neighbourhood, by making an extraordinary demand for work; and the rest of the same country, drained of their circulating value, must diminish their demand; consequently, prices will fall elsewhere. I now come to the second proposition.

The coin and current money of a country, is the *representation* of all its labour and commodities; so that in proportion as there is more or less of this *representation*, a greater or less quantity of it will go for the same quantity of the thing represented.

To this *representation* I cannot agree, and I apprehend it to be the source of error. A proper equivalent for labour and manufactures, may, in one sense, be called a *representation*; but there is no necessity for this equivalent to consist in coin. Are not meat and drink equivalent for personal service? Is not a free house and a bit of land, a very good equivalent for all the manufactures a country weaver can work up for me who am his landlord? If there were not one penny of coin in a country, would it follow, that there could be no alienation, or that every thing might there be got for nothing?

Coin has an intrinsic value: and when it comes into a country, it adds to the value of the country, as if a portion of territory were added to it: but it has no title to represent any thing vendible, by preference, or to be considered as the only equivalent for all things alienable. It is made a common price, on no other account than because of its rarity, its solidity, its being

ing of a nature to circulate, and to suffer a correct division without end, and to carry its value along with it; which is a proper equivalent for every thing; and at the same time it is by its nature little liable to vary.

Were, indeed, a statesman to perform the operation of circulation and commerce, by calling in, from time to time, all the proprietors of specie in one body, and all those of alienable commodities, workmen, &c. in another; and were he, after informing himself of the respective quantities of each, to establish a general tariff of prices, according to our author's rule; this idea of *representation* might easily be admitted; because the parcels of manufactures would then seem to be adapted to the pieces of the specie, as the rations of forage for the horses of an army are made larger or smaller, according as the magazines are well or ill provided at the time: but has this any resemblance to the operations of commerce?

The idea of coin being the *representation* of all the industry and manufactures of a country, is pretty; and has been invented for the sake of making a general rule for operating an easy distribution of things extremely complex in their nature. From this comes error. We substitute a complex term, sometimes in one sense, and sometimes in another, and we draw conclusions as if it expressed a fixed and determined idea.

If in algebra, x , y , z , &c. ever stood for more than a single idea, the science would become useless; but as they never represent but the very same notion, they never change their nature through all manner of transpositions.

It is not the same of terms in any other science, as abundantly appears from the question now before us: coin is called a *representation*, because it is an equivalent; and because it is a *representation*, it must bear an exact proportion to the thing represented. And since in some particular examples, this representation appears to hold; therefore the rule is made general, although circumstances may be different. If, for example,

ample, a merchant, or a private person, has upon hand a thousand pounds worth of grain, no doubt that the thousandth part of the merchandize is worth the thousandth part of the sum; because both are determined in their quantity and quality: but the parcels of this corn, though exactly proportioned to the price of the whole, do not draw their value from this proportion, but from the total value of the whole mass; which is determined from the complicated operations of demand and competition, as has been said, and not from the specie of the country, which can bear no proportion either to the quantity or quality of the grain.

There may be vast quantities of coin in a country of little industry; and, *vice versa*, coin is constantly an *equivalent*, but never a *representation*, more than any other equivalent which may be contrived. Were the doctrine of this second proposition true, every commodity in a country should be sold like a parcel of the grain in the foregoing example, by the rule of three; as the property of all the labour and manufactures of the country is to the part I intend to alienate, so is all the gold and silver in the country to the part I am entitled to receive. This way of regulating prices may be very ingenious, but it is not very common. I now proceed to the third and last proposition.

Increase the commodities, they become cheaper; increase the money, they rise in their value.

This proposition is much too general: the first part of it is commonly true, the last part is more commonly false.

What can increase commodities, but a demand for them? If the demand be equal to the augmentation, there will be no alteration in the price.

Let extraordinary plenty increase subsistence, it will naturally fall in the price; but it may be hoarded up, and made to rise in spite of the plenty; it may be demanded from abroad; this also will make it rise.

Let the production of superfluities, not exportable, be produced by workmen whose branch is overstocked, prices will undoubtedly fall.

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The same observations are true of a diminution in the quantity of commodities. If this diminishes by degrees, from a diminution of demand, the price of them will not rise.

If the quantity of subsistence falls below the necessary consumption of the inhabitants, prices will undoubtedly rise.

If the articles of superfluity are diminished, prices will only rise in proportion to the eagerness to buy, that is, to the competition, not to the deficiency. On the other hand, as to coin or money,

Increase the money, nothing can be concluded as to prices, because it is not certain, that people will increase their expences in proportion to their wealth; and although they should, the moment their additional demand has the effect of producing a sufficient supply, prices will return to the old standard.

But diminish the quantity of specie *employed in circulation*, you both retard this, and hurt the industrious; because we suppose the former quantity exactly sufficient to preserve both in the just proportion to the desires and wants of the inhabitants.

These are but a few of the numberless modifications necessary to be applied to this general rule; and I hope what I have said, will justify the observation I have made on the whole doctrine; to wit, that it is much more specious than solid, in every one of its three branches.

Let me just propose one question more upon this subject, and then I shall conclude.

Suppose the specie of Europe to continue increasing in quantity every year, until it amounts to ten times the present quantity, would prices rise in proportion?

I answer, that such an augmentation might happen, without the smallest alteration upon prices, or that it might occasion a very great one, according to circumstances. If industry increases to ten times what it is at present, that is to say, were the produce of it increased to ten times its present value, according to the actual standard of prices, the value of every manufac-
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ture and produce might remain without alteration. This supposition is possible; because no man can tell to what extent demand may carry industry. If, on the other hand, the scale of demand could be supposed to preponderate, so as to draw all the wealth into circulation, without having the effect of augmenting the supply (which I take to be impossible) then prices would rise to ten times the present standard, at least in many articles.

This solution is entirely consistent both with Mr. Hume's principle and mine; because nothing is so easy in an hypothesis, as to establish proportions between things, which in themselves are beyond all the powers of computation.

C H A P. XXIX.

Circulation with foreign Nations, the same thing as the Balance of Trade.

WE have endeavoured to shew in a former chapter, how the circulation of money, given in exchange for consumable commodities, produces a vibration in the balance of domestic wealth: we are now to apply the same principles to the circulation of foreign trade; in order to find out, if there can really be such a thing as a balance upon it, which may enrich one country, and impoverish another.

It has been said, that when money is given for a consumable commodity, the person who gets it acquires a balance in his favour, so soon as he with whom he has exchanged, has begun to consume.

That if two consumable commodities are exchanged, the balance comes to a level, when both are consumed. That it is only the wealth which is found in circulation,

circulation, which can change its balance, and the remainder must be found locked up, made into plate, or employed in foreign trade. And it has been observed, that the quantity of money found in circulation, is ever in proportion to the sale of the produce of industry and manufactures; and that when the quantity of metals is not sufficient to carry on a circulation, proportioned to the demands of those who have any real equivalent to give, that symbolical money may be made to fill up the void, when the interest of the state comes to require it.

We have also laid it down as a kind of general rule, that while luxury only tends to keep up demand to the reasonable proportion of power and inclination in the industrious part of a people to supply it, that then it is advantageous to a nation; and that so soon as it begins to make the scale of home-demand preponderate, by forming a competition among the natives, to consume what strangers seek for, that then it is hurtful, and has an evident tendency to root out foreign trade. These principles are all analogous to one another, and should be retained while we examine the question before us.

I must still add, that the fluctuation of the balance of wealth is constantly inclining in favour of the industrious, and against the idle consumer. This however admits of a restriction, viz. The industrious must be supposed to be frugal; and the idle, extravagant. For if the industrious man consumes the produce of his industry, he will only have laboured to increase his consumption, not his wealth; and if the idle person, by his frugality, keeps within the bounds of his yearly income, he will thereby repair every disadvantage incurred by his sloth, the balance then will stand even between them; the industry in one scale, and the fund already provided in the other, will keep both parties on a level as before.

In order, therefore, to make the balance of domestic wealth turn in favour of a poor man, he must be both industrious and frugal.

Now

Now let us apply these principles to a whole nation, considered as an individual in the great society of mankind. A private person who conducts his affairs with prudence, must either be in a way of growing richer by his industry, or of spending his income with economy and discretion: so I must suppose a nation which is well governed, either to be growing rich by foreign trade, or at least in a state of not becoming poorer by it.

It is the duty of every statesman to watch over the conduct of those who hold the foreign correspondence, as it is the duty of the master of a family to watch over those he sends to market.

I find it is the opinion of the learned Mr. Hume, that there is no such thing as a balance of trade, that money over all the world is like a fluid, which must ever be upon a level, and that so soon as in any nation that level is destroyed by any accident, while the nation preserves the number of its inhabitants, and its industry, the wealth must return to a level as before.

To prove this, he supposes four-fifths of all the money in Great Britain annihilated in one night, the consequence of which he imagines would be, that all labour and commodities would sink in their price, and that foreign markets would be thereby entirely supplied by that industrious people, who would immediately begin to draw back such a proportion of wealth, as would put them again upon a level with their neighbours.

This reasoning is consistent with the principles we have examined, and humbly rejected in the preceding chapter; both stand upon the same foundation, and lead to a chain of consequences totally different from the whole plan of this inquiry.

My intention is not so much to refute the opinions of others, as briefly to pass them in review. General propositions, such as those we have been treating of, are only true or false, according as they are understood to be accompanied with certain restrictions, applications, and limitations: I shall therefore say nothing as to the proposition itself, but only examine how far the
example

example he has taken of the sudden annihilation of a great proportion of a nation's wealth, can naturally be followed by the consequences he supposes.

For this purpose, let me suggest another consequence (different from that of the author, and flowing from the doctrine we have established) which possibly might happen, upon the annihilation of four-fifths of all the money in Great Britain. I shall take no notice of the effects which so sudden a revolution might occasion; these have not been attended to by the author, and therefore I shall consider them as out of the question. I suppose the event to have happened, prices to have been reduced, and every immediate inconvenience to have been prevented. My only inquiry shall be directed towards the unavoidable consequences of such a revolution, as to foreign trade, as to drawing back the money annihilated, and as to the preserving the same number of inhabitants, and the same degree of industry as before. If I can shew, that the event alone of annihilating the specie, and reducing prices in proportion, (which I shall allow to be the consequence of it) will have the effect of annihilating both industry and the industrious, it cannot afterwards be insisted on, that the revolution can have the effect of drawing back a proportional part of the general wealth of Europe: because the preservation of the industrious is considered as the requisite for this purpose.

Here then is the consequence, which, in my humble opinion, would very probably happen upon so extraordinary an exigency; and I flatter myself that my reader has already anticipated my decision.

The inhabitants of Great Britain, who, upon such an occasion, would be found in possession of all the exportable necessaries of life, and of many other kinds of goods demanded in foreign markets, instead of selling them to their poor countrymen, for a price proportioned to our author's tariff, and to the diminution of the specie, which he takes to be the representation of them, would export them to France, to Hol-

land, or to any other country where they could get the best price, and the inhabitants of Britain would starve.

If it be replied, that the exportation would not be allowed. I answer, that such a prohibition would be highly seasonable; but quite contrary to the principle of laying trade open, and impossible to be effectual, as that author justly observes, when he says, "Can one imagine, that all commodities could be sold in France, for a tenth of the price they would yield on the other side of the Pyrenees, without finding their way thither, and drawing from that immense treasure?" Suppose this phrase to run thus. Can any one imagine, that provisions could be sold in Britain, for a fourth part of the price they would yield on the other side of the water, without finding their way thither, and drawing from that immense treasure? This is entirely consistent with our principles, and ruins the whole of Mr. Hume's former supposition: because the exportation of them would annihilate the inhabitants.

From this I conclude, that a nation, though industrious and populous, may reduce itself to poverty in the midst of wealthy neighbours, as a private person, though rich, may reduce himself to want, in the midst of the amusements and luxury of London or of Paris. And that both the one and the other, by following a different conduct, may amass great sums of wealth, far above the proportion of it among their neighbours.

This is not a matter of long discussion. It is not by the importation of foreign commodities, and by the exportation of gold and silver, that a nation becomes poor; it is by consuming those commodities when imported. The moment the consumption begins, the balance turns; consequently, it is evidently against the principles which we now examine, either to sell at home, or destroy confiscated goods. The only way of repairing the damage done by such frauds, is to export the merchandize, and by selling them cheap in other countries, to hurt the trade of the country which

which first had furnished them. From this also we may conclude, that those nations which trade to India, by sending out gold and silver, for a return in superfluities of the most consumable nature, the consumption of which they prohibit at home, do not in effect spend their own specie, but that of their neighbours who purchase the returns of it for their own consumption. Consequently, a nation may become immensely rich by the constant exportation of her specie, and importation of all sorts of consumable commodities. But she would do well to beware of this trade, when her inhabitants have taken a luxurious turn, lest she should come to resemble the drunkard who commenced wine merchant, in order to make excellent chear in wine with all his friends who came to see him; or the millener, who took it into her head to wear the fine laces she used to make up for her customers.

If a rich nation, where luxury is carried to the highest pitch, where a desire of gain serves as a spur to industry, where all the poor are at work, in order to turn the balance of domestic wealth in their favour, if such a nation, I say, is found to consume not only the whole work of the inhabitants, but even that of other countries, it must have a balance of trade against it, equivalent to the foreign consumption; and this must be paid for in specie, or in annual interest, to the diminution of the former capital. Let this trade continue long, they will not only come at the end of their metals, but they may even succeed in exporting their lands. This last appears a paradox, and yet it is no uncommon thing. The Corsicans have exported, that is sold, the best part of their island to Genoa; and now, after having spent the price in wearing damask and velvet, they want to bring it back, by confiscating the property of the Genoese, who have both paid for the island, and drawn back the price of it by the balance of their trade against these islanders. It were to be wished that Corsica alone afforded an example of this kind.

Is it not, therefore, the duty of a statesman to prevent the consumption of foreign produce? If tapestry or other elegant furniture, such as is seen in a certain great capital in Europe, were allowed to be imported into a neighbouring nation, who doubts but this article would carry money out of that nation?

It may be answered, that as much elegance of another kind may be sent in return. True; and it would be very lucky if this could be the case; but then you must suppose an equality of elegance in both countries, and further, you must suppose a reciprocal taste for the respective species of elegance. Now the taste of one country may, indeed, be common to both; but it may happen that the taste of the one may not be that of the other, though nothing inferior, perhaps, in the opinion of a third party. And the difference may proceed from this; that the young people of one country travel into the other, where the inhabitants stay at home: a circumstance which would prove very prejudicial to the country of the travellers, if a wise statesman did not, by seasonable prohibitions upon certain articles of foreign consumption, prevent the bad consequences of adopting a taste for what his subjects cannot produce.

This furnishes a hint, that it might not be a bad maxim in a great monarchy, to have houses built in the capital for every foreign minister, where the general distribution of the apartments of each might be, as much as possible, analogous to the taste of the country for whose minister it is calculated: but as to the furniture, to have it made of the most elegant domestic manufactures easily exportable, nicely adapted also to the uses and fashions of every foreign country. Such a regulation could never fail of being highly acceptable, as it would prove a great saving to foreign ministers, and would insensibly give them a taste for the manufactures and luxury of the country they reside in. On the other hand, I would be so far from expecting a return of this civility, that I would recommend a set of furniture, as a gratification, to every minister

minister sent abroad, who should regularly sell it off upon the expiration of his commission. Such an expence would not cost one penny to the nation, and would be a means of captivating unwary strangers, who might be thereby made to pay dearly for such marks of politeness and civility. I return.

Without being expert in the computation of exports and imports, or very accurate in combining the different courses of exchange between the different cities of Europe, a statesman may lay it down as a maxim, that whatever foreign commodity, of whatsoever kind it be, is found to be consumed within the nation he governs, so far the balance of trade is against her; and that so far as any commodity produced either by the soil, or labour of the inhabitants, is consumed by foreigners, so far the balance is for her.

A nation may in some measure be compared to a country gentleman, who lives upon his land. This I suppose to be his all. From it he draws directly his nourishment, perhaps his clothes are worked up in his family. If he be so very frugal as never to go to market for any thing, any spare produce which he can sell, is clear money in his purse. If he indulges now and then in a bottle of wine, which his farm does not produce, he must go to market with his purse in his hand; and so soon as his bottle is out, I think he is effectually so much poorer than he was before. If he goes on, and increases his consumption of such things as he is obliged to buy, he will run out the money he had in his purse, and be reduced to the simple production of his farm. If then this country gentleman be poorer, certainly somebody is richer; and as it is nobody in his family, it must be some of his neighbours.

Just so a nation which has no occasion to have recourse to foreign markets, in order to supply her own consumption, must certainly grow rich in proportion to her exportation.

These riches again will not circulate at home, in proportion to the domestic consumption of natural produce and manufactures, but in proportion to the alien-

ation of them for money : the surplus-wealth will stagnate in one way or other, in the hands of the money gatherers, who are the small consumers.

While there is found a sufficient quantity of money for carrying on reciprocal alienations ; those money gatherers will not be able to employ their stagnated wealth within the nation ; but so soon as this gathering has the effect of diminishing the specie, below the proportion found necessary to carry on the circulation, it will begin to be lent out, and so return to circulate for a time, until by the operation of the same causes it will fall back into its former repositories.

Should it be here objected, that upon the augmentation of a nation's riches, no money can stagnate ; because *prices rising in proportion to the augmentation of them*, all the additional wealth must be thrown into circulation : surely both reason and experience must point out the weakness of such an objection.

While a favourable balance, therefore, is preserved upon foreign trade, a nation grows richer daily ; and still prices remain regulated as before, by the complicated operations of demand and competition ; and when one nation is grown richer, others must be growing poorer : this is an example of a favourable balance of trade.

When this superfluity of riches is only profited of by the luxurious individuals, instead of being turned to profit by the state itself, with a view to secure the advantages thereby acquired, then the balance takes a contrary turn : this is the case whenever foreign importations for consumption, are either permitted as a gratification to the luxurious desires of the wealthy, or because of the rise in the price of goods at home, in consequence of domestic competition. If it be permitted purely in favour of the first, it marks a levity and want of attention unworthy of a statesman : if on account of the second, it shews either an ignorance of the real consequences of so temporary an expedient, or a disregard for the welfare of the lower classes of the people.

Every

Every augmentation of prices at home, must be a necessary consequence of many domestic circumstances, and must be removed by correcting them, as has been, I think, made clear. But let it be supposed, that from the augmentation of wealth *alone*, manufacturers can no more produce work so cheap as other nations; I think that both in humanity and prudence, a people should submit to the inconvenience of paying dearer. In humanity, because by the introduction of foreign manufactures, you starve those very people who by their labour have enriched you: in prudence, because by opening your ports to such importation you deliberately throw away that superiority of riches you have been at so much pains to acquire.

I freely grant, that particular people do not regulate either their expence or their schemes of getting money, with a view to promote the public good. One who has a coat to buy, will be very glad to find a piece of foreign manufacture at a cheap rate; another will wish to smuggle a piece of goods on which there is a high duty. But the question is, whether a statesman is to allow this foreign consumption? I think it is much the same question, as if it were asked, whether the master of a family should, in good oeconomy, allow his servants to invite their friends to drink in his cellar, instead of carrying them to a public house.

But suppose it said, that "by laying trade open, you are sure that wealth will naturally come to a balance, in all countries, and that all fears of a wrong balance of trade are only the effect of a gloomy imagination." See Mr. Hume's *Political Discourses*, Sect. v.

Several answers may be made to this objection. The first, that it is in order to prevent this kind of balance, that every nation gives themselves disquiet: for by balance here, is understood an equality of wealth; and it is rich nations only who are anxious, lest they should be brought to such an equality. In the question here before us, it is the loss of the superiority which is understood by a balance turning against a nation.

nation. If, therefore, it be the interest of a nation, poor in respect of its neighbours, to have trade laid open, that wealth may, like a fluid, come to an equilibrium; I am sure it is the interest of a rich nation, to cut off the communication of hurtful trade, by such impediments as restrictions, duties, and prohibitions, upon importation; that thereby, as by dykes, its wealth may be kept *above* the level of the surrounding element.

Another answer is, that laying trade open would not have the effect proposed; because it would destroy industry in some countries, at least, if not every where. A manufacture must be very solidly established indeed, not to suffer any prejudice by a permission to import the like commodities from other countries. The very nature of luxury is such, that it prompts people often to consume, from caprice and novelty, what is really inferior to home-production. It may be answered, that this argument cuts two ways: for if a nation from caprice consumes foreign commodities, why may not other nations from caprice likewise, take off those which are left on hand? This reasoning may appear good, in a theory which does not take in every political consideration. But a poor manufacturer who cannot find work, because the branch he works in is supplied from abroad, cannot live till the caprice of foreigners makes them demand his labour. If a certain number of inhabitants be employed in a necessary branch of consumption, there must be a *certain* demand preserved for it; and whatever can render this precarious, will ruin the undertaking, and those employed in it.

A third answer is, that any nation who would open its ports to all manner of foreign importation, without being assured of a reciprocal permission from all its neighbours, would, I think, very soon be ruined; and if this be true, it is a proof that a balance of trade is a possible supposition, and that proper restrictions upon importation may turn to the advantage of a state.

In

In order to promote industry, a statesman must act, as well as permit and protect. Could ever the woollen manufacture have been introduced into France, from the consideration of the great advantage England had drawn from it, if the King had not undertaken the support of it, by granting many privileges to the undertakers, and by laying strict prohibitions on all foreign cloths? Is there any other way of establishing a new manufacture any where?

Laying, therefore, trade quite open would have this effect, it would destroy, at first, at least, all the luxurious arts; consequently, it would diminish consumption; consequently, diminish the quantity of circulating cash; consequently, it would promote hoarding; and consequently, would bring on poverty in all the *states* of Europe. Nothing, I imagine, but an universal monarchy, governed by the same laws and administered according to one plan well concerted, can be compatible with an universally open trade. While there are different states, there must be different interests; and when no one statesman is found at the head of these interests, there can be no such thing as a common good; and when there is no common good, every interest must be considered separately. But as this scheme of laying trade quite open, is not a thing likely to happen, we may save ourselves the trouble of inquiring more particularly into what might be its consequences; it is enough to observe, that they must, in their nature, be exceedingly complex, and if we have mentioned some of them, it has only been to apply principles, and shew how consequences *may* follow one another: to foretel what *must* follow is exceedingly difficult, if not impossible.

In discovering of the balance of trade, I have hitherto considered it only so far as the specie of a country is augmented by it. In the subsequent book, when we shall have occasion to bring this subject once more upon the carpet, I shall shew how a balance may be extremely favourable without augmenting the mass of the precious metals; to wit, by providing subsistence for an additional number of inhabitants; by increas-

ing

ing the quantity of shipping, which is an article of wealth; by constituting all other nations debtors to it; by the importation of many durable commodities, which may be considered also as articles of wealth; as a well furnished house, a well stored cellar, an ample wardrobe, and a fine stable of horses, are articles which enhance the value of the inheritance of a landed man.

Then we shall have occasion to shew how industry heightens the permanent value of a nation, as agriculture increases its annual produce.

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